



Daily Report

East Asia

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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Japan

Ministry 'Concerned' Over Shevardnadze Resignation

OW2012115190 Tokyo NHK General Television
Network in Japanese 1000 GMT 20 Dec 90

[Text] Regarding reports that Foreign Minister Shevardnadze has resigned, the Foreign Ministry said that it is still trying to confirm the details. The ministry said that considering the recent political developments in the Soviet Union, any personnel change in the leadership would not come as a surprise, but added that it had not expected this to happen at this time.

With Soviet President Gorbachev set to visit Japan in mid-April of next year, both Japan and the Soviet Union are hoping to turn the occasion into a major turning point in the relations between the two countries. In the beginning of next year, the foreign minister will visit Moscow to discuss with his Soviet counterpart the details of Mr. Gorbachev's visit to Japan. Therefore, the Foreign Ministry said that Mr. Shevardnadze's resignation at this time, if it is true, is a very unfortunate thing to happen, considering the achievements Mr. Shevardnadze has made over the past five years toward improving Japanese-Soviet relations. The ministry said it regretted that the experience of Foreign Minister Shevardnadze could not be put to the best use during President Gorbachev's visit to Japan.

Regarding the impact it could have on Japanese-Soviet relations in the future, the ministry said that no matter who may succeed Shevardnadze, the relations between the Soviet Union and Japan will remain unchanged.

But Foreign Minister Shevardnadze has come to Japan three times in the past, and has done much to make President Gorbachev's visit to Japan possible. Subsequently, the ministry is concerned lest this development have a delicate impact to future Japanese-Soviet relations.

Further Report on Resignation

OW2012115890 Tokyo KYODO in English 1147 GMT
20 Dec 90

[Text] Tokyo, Dec. 20 KYODO—Japan was taken by surprise at Soviet Foreign Minister Eduard Shevardnadze's sudden announcement that he will resign, Foreign Ministry officials said Thursday.

The officials, who spoke on condition of anonymity, said that Japan was "very surprised" to hear of Shevardnadze's announcement that he will step down because of what he described as the advent of "dictatorship."

His remarks were seen as critical of Soviet President Mikhail Gorbachev for allegedly seeking too much power.

The Foreign Ministry has requested the Soviet Embassy in Tokyo for further information and was told it was looking into the reports, officials said.

Shevardnadze's announcement to step down came just ahead of the anticipated visit by Japanese Foreign Minister Taro Nakayama to Moscow in early January. But the prospect of holding the bilateral talks early next month had already been in doubt due to the possibility of a cabinet reshuffle in Japan and Nakayama's possible replacement.

German Envoy Urges Financial Aid to USSR

OW2012091590 Tokyo KYODO in English 0849 GMT
20 Dec 90

[Text] Tokyo, Dec. 20 KYODO—Germany called on Japan on Thursday to initiate economic and financial aid to the Soviet Union despite a dispute over four Soviet-held northern islands off eastern Hokkaido, a German envoy said.

German Ambassador to Japan Wilhelm Haas made the call in his first luncheon with about 70 reporters at the Japan National Press Club since he assumed the post as the first united German ambassador late last September.

Haas said the Japanese economic and financial aid to Moscow will change the "political and economic climate" between the two countries in solving the issue of the four northern islands, Kunashiri, Etorofu, Habomais and Shikotan.

The islands, claimed by Japan as inherent territories, have been held by the Soviet Union since the closing days of World War II.

The German envoy, speaking to reporters in English, said German experience in its relations with the Kremlin have shown that the principle of the separation of politics from economy has no positive effect on the improvement of relations with the Soviet Union.

The Japanese Government has maintained the principle and has been reluctant to extend economic and financial aid to the Soviet Union until the territorial issue is resolved.

Haas said it is necessary for the Japanese Government to initiate economic and financial aid to Moscow, but he has no intention to advise it to do so in consideration of interference in Japanese foreign policy. He said, "No single state can help the Soviet Union," due to its intractable economic and political problems, adding industrialized countries should extend international cooperation to help Soviet President Mikhail Gorbachev, who is facing political challenge from Soviet conservatives.

He outlined six ways of giving assistance to the Soviet Union, including security, economic issues, and the instruction of Western technical know-how and financial aid.

Germany has pledged to extend more than 15 billion German marks to Moscow in credits, food relief programs, agricultural pilot projects, and financial aid for the withdrawal of Soviet troops stationed in the eastern part of Germany, Haas said.

He said Germany has made every effort to grant economic and financial aid to the Soviet Union in a bid to allow Moscow to enter the world economic order, and to create a safer world, but it is expected that Berlin express gratitude to the Kremlin for its help in unifying East and West Germany on October 3.

Shipping Association To Extend Chernobyl Aid

*OW2012120990 Tokyo KYODO in English 1139 GMT
20 Dec 90*

[Text] Tokyo, Dec. 20 KYODO—The Japan Shipping and Shipbuilding Industry Association will give 1.8 billion yen in medical aid to the Soviet Union by next March to help victims of the Chernobyl nuclear disaster, the association said Thursday.

A panel of 15 Japanese and Soviet experts will draw up the list of medical supplies, including mobile clinics, the association said.

The shipment is part of 5 billion yen in medical aid the association plans to give the Soviets during the coming five years, it said.

Medical supplies in the first year will include Geiger counters, 10 mobile clinics equipped with ultrasound diagnostic equipment, and 1.1 million syringes, the association said. Some syringes have already been sent to the Ukraine, Belorussia and the Russian Federation, while the mobile clinics and some other equipment will be shipped by next March.

The association said the decision on relief measures for Chernobyl nuclear accident victims was made after a fact-finding mission of nine experts found a shortage of medical equipment left victims inadequately administered to during on-the-spot inspections.

Utsuzo Shigematsu, director at the Radioactive Effects Research Institute, and Atsushi Kuramoto, director at the Atomic Bomb Radioactivity Research Institute in Hiroshima, were among mission members, the association said.

Raisa Gorbachev, the wife of Soviet President Mikhail Gorbachev, as well as the deputy chief of the Soviet Science Academy, are included in the experts' panel which is to compile a list of medical equipment to be sent by next March, the association said.

In a separate move, preparations are being made by local autonomous bodies with sister city affiliation with Soviet cities to send medical supplies and food to the Soviet Union which is currently hit by a serious shortage of materials.

Eight of 21 such Japanese administrative entities, including Niigata and Otaru, in the northernmost island of Hokkaido, have begun such campaigns. Yokohama, Kobe and four other cities are ready to extend such supplies if requested.

Kawasaki, a city bordering the southwest of Tokyo, has already sent medicine and medical equipment worth 12 million yen in emergency relief aid to the Soviet Union, with the local governments of Hokkaido, Oita and Toyama Prefectures moving to follow suit.

The Tokyo government will formulate a concrete list of relief supplies for the Soviets after inquiries to the mayor of Moscow who will visit in January for the formal conclusion of a sister city pact with Tokyo.

Government Sets Spending for 1991-1995 Defense Plan

*OW1912150490 Tokyo KYODO in English 1438 GMT
19 Dec 90*

[Text] Tokyo, Dec. 19 KYODO—The government decided Wednesday to budget 22.7 trillion yen for the fiscal 1991-1995 defense spending program, the lowest rate of expansion since the mid-term defense plans were launched in 1976.

The plan, the first since the decline of the Cold War, represents an average annual increase in defense outlay of 2.9 percent, half of the 5.4 percent annual rate of increase in the previous five-year plan.

The program is to be formally approved by the cabinet on Thursday and will be reviewed after three years.

Major purchases include four AWACS (airborne warning and control system) planes, and multiple launch rocket systems.

The slower growth rate reflects the decline in Cold War tensions in the region and the achievement of goals set forth in the 1976 national defense program outline, government sources said.

The cabinet in its first official revision in 14 years of an analysis of international security threats to Japan acknowledged Wednesday that reduced superpower tensions are beginning to have a positive effect in Asia.

However, the new assessment, approved by a cabinet decision, said that conflicts due to religious and ethnic strife, territorial disputes and nationalism remain a threat to stability and that Japan should continue a "moderate" build-up in accordance with the 1976 design.

Defense Agency chief Yozo Ishikawa told reporters that the international situation has not changed sufficiently to merit a complete revision of the national defense program outline, which has guided defense expenditure for the past 14 years.

"The United States and the Soviet Union are not necessarily in agreement on all military and international

issues," he said after attending a cabinet meeting held to approve the new assessment of international security.

The government's position paper on defense said the likelihood of a major conflict has decreased.

"The situation in the Asia-Pacific region is more complex than in Europe, but the change in U.S.-Soviet relations is beginning to have an impact...by reducing tensions," the document said.

The two-page document called for greater confidence in Japan's security pact with the United States, which it said would continue to play an important role in maintaining regional stability despite the changes in the world order.

While the size of the Soviet Far East force is being reduced, its capabilities are being upgraded, the document said.

"The relations among the U.S., the Soviet Union, China and Japan are becoming even more important to maintaining peace and stability in the region," it noted.

Five-Year Defense Plan Approved

OW2012040890 Tokyo KYODO in English 0343 GMT 20 Dec 90

[Text] Tokyo, Dec. 20 KYODO—The government Thursday approved 22.75 trillion yen for the five-year defense spending program beginning April next year, the lowest rate of expansion since the medium-term defense estimate plans were launched in 1976.

The government approved the program when it held a Security Council meeting and a special cabinet session.

The program, which is considered for review after three years, represents an average annual increase in defense outlays of 3 percent, about half of the 5.4 percent annual rate of increase in the previous five-year plan.

The new five-year defense program emphasizes efforts to maintain "appropriate" defense capability based on a relaxation of tension between the United States and the Soviet Union and the national defense program outline drawn up by the cabinet of Prime Minister Takeo Miki in 1976.

Spending on front-line military equipment, including tanks, fighter planes, and warships, is to be restrained while logistics, communication, and research development are set to be improved.

Of 22.75 trillion yen, 5.1 trillion yen is allocated to military equipment, a small 2.1 percent increase from the current five-year defense plan. Military equipment represented a 9.3 percent rise in the 1986-1990 plan.

The total number of tanks possessed by the Defense Agency will be trimmed from 1,205 to 1,130 in the next five years beginning April next year, while the total number of destroyers will be reduced from 63 to 58.

The Defense Agency set the ceiling of Ground Self-Defense Force (GSDF) personnel to 153,000, in consideration of the actual number of 152,000 personnel in active service.

The national defense program outline has set GSDF personnel at 180,000 since it was first drawn up in 1976.

But the Defense Agency will improve the quality of military capability by purchasing four airborne warning and control system (AWACS) planes and 36 multiple launch rocket systems.

Sea and air defenses will be improved by purchases of 10 destroyers, five submarines, 36 antisubmarine helicopters, 42 F-15 fighters, and other military equipment.

The government appropriated 9.15 trillion yen to logistics, a 5.9 percent increase from the 1986-1990 defense plan, which marked a 6.4 percent rise.

The next plan says the Defense Agency will improve capabilities for the gathering of military information, transportation, and command systems.

The Defense Agency will step up military training systems, the renewal of military barracks, and hygiene and welfare for military personnel.

Technical and research development will be expanded in the areas of FSX next-generation support fighters, various kinds of missiles, and other military equipment.

The next plan also says Japan will continue to hike a share of expenses for U.S. forces stationed in the country as the Japan-U.S. Security Treaty is important to Tokyo.

Further Details on Defense Plan

OW2012082290 Tokyo NHK General Television Network in Japanese 0300 GMT 20 Dec 90

[Text] At a meeting of the National Security Council and an extraordinary Cabinet session convened successively by the government today, a 22.75 trillion yen defense program was approved. The program will cover defense spending for the next five years beginning in 1991.

At this morning's National Security Council meeting and a subsequent extraordinary Cabinet meeting, the government approved a defense program for the next term. This program sets forth the orientation of Japan's defense policy for the 1991-1995 period.

According to the decision, the defense program is designed to maintain a minimum level of defense capability necessary for peacetime in line with the Defense Program Outline, which is the government's basic defense policy. Since the introduction of major equipment and other goals set by the outline will almost all have been realized by this year, the next-term defense program is designed primarily to maintain the present level of defense capability.

The total amount appropriated for defense spending during the upcoming five-year period is set at 22.75 trillion yen. It is set to serve as a brake for defense expenditures. This limit is an increase of 4.35 trillion yen over the Mid-Term Defense Buildup Plan, which ends this year. However, the annual rate of increase in defense spending is now curbed at three percent, some two percent lower than the 5.4 percent shown in the Mid-Term Defense Plan.

The basic orientation of the new program calls for restraint in the introduction of frontline equipment, placing emphasis instead on bettering the living conditions of Self-Defense Force personnel and improving other logistical areas that have been lagging. Specifically, it limits the amount allotted to contracts introducing aircraft, tanks, and other frontline equipment to 5 trillion yen, which is approximately 500 billion yen less than that of the Mid-Term Defense Plan period.

The frontline equipment that will be introduced includes four airborne warning and control systems, AWAC's, and multiple rocket systems for two battalions, as requested by the United States. The basic policy states, however, that continued study will be undertaken on the introduction of aerial refuelers, which extend the scope of action for fighters and other aircraft, thus putting off the introduction of new equipment.

As for the authorized strength of the Self-Defense Forces, the basic policy states that the Ground Self-Defense Forces, which limit their ceiling to 150,000 men as compared with an authorized strength of 180,000 men, will not recruit and employ personnel exceeding 153,000 men in conformity with actual circumstances. It adds that studies will be made as to whether the present authorized strengths for the Ground, Maritime, and Air Self-Defense Forces are appropriate from the position of further promoting their efficiency. A conclusion on this issue is to be drawn during the next term defense plan period.

There is a stipulation in the program which calls for a review in three years, if necessary, but aggregate defense spending will remain at the 22.75 trillion yen limit. Such a review also makes it possible to be flexible and to cope with any changes in the future international situation.

In addition to building up Japan's defense capability, the next-term defense program also includes an increase of approximately 220 billion yen in the total amount of Japan's share of the expenditures incurred in the stationing of U.S. forces in Japan over the next five years. This, it says, is intended to help enhance the credibility of Japanese-U.S. security arrangements.

In connection with the question of Japan's increased share of expenditures, the government says that the Japanese side will bear the cost for the basic wages of Japanese employees and for the electricity, gas, and water bills of the U.S. forces in Japan. This will begin next year, after a new special agreement with the United States has been concluded.

The government plans to increase Japan's share by stages. The Foreign Ministry says that the increase will be at the level of about 10 billion yen in 1991, the first year; approximately 21 billion yen in 1992; and about 84 billion yen, or the full amount, in 1995. Under these measures, the rate of the Japanese share in the overall expenditures for the U.S. forces in Japan will likely reach some 50 percent as requested by the U.S. Government.

The Foreign Ministry wishes to sign a special agreement with the United States on the increase in Japan's share.

Leaders Comment on Defense Program

OW2012081190 Tokyo NHK General Television Network in Japanese 0300 GMT 20 Dec 90

[Text] While speaking at an extraordinary Cabinet meeting today in connection with the government's approval of the next-term defense program, Prime Minister Toshiki Kaifu said he believes the program is a restrained, moderate plan which takes into account the new international trends. He added that he will seek the nation's understanding of and consent to the program.

Meeting the press after the extraordinary Cabinet meeting, Chief Cabinet Secretary Sakamoto said that the government exercised restraint regarding defense spending after taking the latest international developments into consideration, but increased Japan's share of the expenditures for the U.S. forces stationed in the country with the aim of ensuring the effective operation of the Japanese-U.S. security arrangements, which supplement Japan's basic defense potentials.

Meanwhile, Defense Agency Director General Ishikawa told a news conference that the latest defense program is designed to maintain and build up a balanced defense potential under the tough situations facing Japan at home and abroad. He said that the growth rate in the contracted amount for front-line equipment, in particular, shows a drop, thus evincing efforts for armament reductions. This, he said, reflects the changes in the international situation.

The Defense Agency director general added that he believes the defense program is one which can win the consent of the opposition in the Diet and the nation's understanding.

Opposition Reaction 'Mixed'

OW2012093890 Tokyo KYODO in English 0917 GMT 20 Dec 90

[Text] Tokyo, Dec. 20 KYODO—Opposition reaction was mixed to the government's 22.7 trillion yen defense plan for 1991-1995, with the leading Japan Socialist Party (JSP) calling for a cut in spending, and the centrist Democratic Socialist Party (DSP) offering praise.

The JSP slammed the plan as a holdover from the cold war era, and called for a total review of the 1976 national

defense program outline, which sets the fundamental philosophy of Japan's defense spending.

Japan's defense capabilities should be frozen, and total spending should be reduced from the current level, the largest opposition party said in a statement.

The budget represents a 4.4 trillion yen increase over the 1986-1990 18.4 trillion yen program, which expires in March.

The government said it held the annual rate of increase to 3 percent, down from 5.4 percent during the current five-year plan, to reflect the decline of East-West tensions.

The JSP urged the government to take the diplomatic lead in ending conflicts in Asia, including the territorial dispute with the Soviet Union, and called for the establishment of an Asia-Pacific conference on peace and security. It also urged a review of the implementation of the Japan-U.S. security treaty to meet the new security situation in the wake of the cold war.

The DSP, the only opposition party to support the new spending program, said the five-year plan is suitable, given the changes in the world order, and the upcoming visit to Japan by Soviet President Mikhail Gorbachev. The DSP, the No. 4 opposition party, urged the elimination of waste in defense spending.

The Buddhist-backed Komeito expressed dismay that the government had failed to make a major reduction in defense spending. The Komeito, the second largest opposition party, gave cautious support to increasing Japan's contribution for maintaining U.S. troops here, but said the government should pursue a reduction in the size of American bases.

Japan plans to increase its share of costs for the 50,000 U.S. troops here to 50 percent by 1995 from the current 39 percent.

The Komeito said the purchase of four AWACS radar planes should be delayed because the explanation that they are needed to protect sea-lanes is part of a cold war mentality.

The Japanese Communist Party said that the program, which includes major purchases from American military manufacturers, was drawn up to suit Washington. The JCP demanded that it be scrapped. Defense spending should be sharply reduced, and the alliance with the U.S. should be abolished, said the JCP, the third largest opposition party.

Kaifu: Defense Plan Held to 'Minimum Necessary'

*OW2012074790 Tokyo KYODO in English 0736 GMT
20 Dec 90*

[Text] Tokyo, Dec. 20 KYODO—Prime Minister Toshiki Kaifu on Thursday said the new mid-term defense program deserves the people's support because it

has been held to the minimum necessary in light of the decline in cold war tensions.

The 22.75 trillion yen spending program for fiscal 1991-95, which goes into effect in April, was approved by the Security Council and cabinet meetings earlier in the day.

Spending under the plan will increase by an annual average of 3 percent, compared to 5.4 percent under the current plan. This will be the lowest increase since the medium-term defense spending plans were first formulated in 1976.

Chief Cabinet Secretary Misoji Sakamoto said the Soviet military threat has receded in the new international situation. "Although the Soviet Army remains, under the new international conditions there is no potential threat," he said.

Finance Minister Ryutaro Hashimoto said he hopes the new defense plan will be acceptable to Asian nations, which have expressed concern over any possible resurgence of Japanese militarism.

Spending on front-line military equipment, including tanks, fighter planes and warships, will be less than in the previous plan, the first time this category has been cut.

The plan is designed only to guarantee the security of Japan, the finance minister stressed.

Defense Agency Director General Yozo Ishikawa said the plan could be cut back when it is reviewed in three years if tensions in Asia further relax.

The Defense Agency had requested some 23 trillion yen, which the Finance Ministry trimmed to 22.75 trillion yen, but Ishikawa said his agency could not help but accept the cut.

Government To Assume More Costs of U.S. Bases

*OW2012063790 Tokyo KYODO in English 0619 GMT
20 Dec 90*

[Text] Tokyo, Dec. 20 KYODO—The Japanese Government moved Thursday to shoulder a larger portion of the cost of maintaining U.S. troops stationed here, but said it would not meet U.S. demands to pay for garbage and telephone services.

Chief Cabinet Secretary Misoji Sakamoto said that over the next five years, Japan would gradually take over the full costs of water, heating and lighting, and the salaries of Japanese employees who work at the U.S. bases.

The additional payments would reach 84 billion yen (1990 yen base) per year in 1995, accounting for about 50 percent of support costs, up from 39 percent at present, government sources said.

Payment increases are expected to start in fiscal 1991 beginning next April with an extra 10 billion yen, the sources said.

The move, announced together with Japan's new 22.75 trillion yen defense budget for 1991-1995, comes as Japan faces mounting pressure from U.S. Congress to pay more for the deployment of some 50,000 U.S. troops in Japan.

The U.S. Senate has called for a gradual withdrawal of troops if Tokyo refuses to pay the entire cost of deployment.

Japan in 1989 provided 3 billion dollars out of 7.6 billion dollars needed to host the U.S. troops in Japan, according to government officials.

The United States had also requested Japan to pay for garbage collection and telephone costs.

Sakamoto said a new accord regarding support payments for the U.S. troops is to be submitted to the current session of the Diet, or parliament. He pledged Japan's continued support of the Japan-U.S. Security Treaty, despite the decline of the cold war.

The pact plays a vital role in ensuring Japan's security and the development of the Asia-Pacific region, he said.

Okinawans Protest Arrival of B-52 Bomber

*OW2012074090 Naha RYUKYU SHIMPO in Japanese
19 Dec 90 Evening Edition p 7*

[Text] Kadena-cho and Chatan-cho—The ingress of B-52 bombers cannot be permitted for any reason. Stating this fact are the people of Kadena and Chatan towns, who are protesting the arrival of the U.S. Air Force's B-52 strategic bomber at Kadena Air Base. It has come here from Guam's Andersen Base supposedly to take refuge from a typhoon. This is the first time that a B-52 bomber has flown into Kadena in 11 months. Residents of the two towns are reacting strongly, saying: "The B-52s have pulled out of Guam. How is it that they return? We must not permit them to fly in under any such excuses."

Kadena-cho Town Assembly (chairman Eiji Miyahira) and Chatan-cho Town Assembly (chairman Seiei Sakihawa), which take this matter seriously, unanimously adopted on 19 December resolutions and statements of views protesting the arrival of the B-52 and demanding its immediate departure. Both town assemblies are now in their December regular session.

Kadena Town Mayor Choei Yoshihama said emphatically: "The arrival of a B-52 causes apprehension among the townspeople. The people's objections to the B-52 will never change. We will lodge strong protests in conjunction with the Town Assembly."

Chumei Shodo, chairman of the Kadena Town Consultative Council on Measures Against Bases, comprised of residents of Kadena-cho, said: "We have protested the ingress of B-52's over and over again. We were so happy

to hear that they withdrew from Guam, but they are flying in again using some convenient excuses. This is not an ordinary situation."

Kadena Town Assembly postponed the original agenda of its regular December session, instead examining the issue of the B-52's arrival. It adopted the protest resolution and the statement of views.

The resolution declares: "The arrival of the B-52-C aggravates damage from aircraft noise and other things. People are struck with the fear of nuclear arms; the impact of its arrival on the people is great." It continues: "From the basic position of opposing nuclear arms, defending peace, and protecting the life and property of the people, we protest angrily and sternly to the Japanese Government and the U.S. forces which allowed the arrival of the B-52-C. We demand that the airplane leave immediately and that actions be taken so that no such plane may fly in here ever again, no matter what the reason."

Chatan Town Assembly unanimously adopted its resolution during its December regular session that opened on the morning of 19 December. The resolution is called: "Resolution Sternly Protesting the Arrival on Kadena Air Base of a B-52 Strategic Bomber and Demanding Its Immediate Departure."

The resolution says: "The B-52 is the type of bomber which fell into Kadena-cho in the early morning of 19 November 1968. It is capable of carrying nuclear arms. This Town Assembly has in the past protested the repeated arrivals of B-52's. It is truly regrettable that another one has arrived on the base on the grounds of taking refuge from a typhoon, thus completely ignoring our position. This can never be permitted."

The B-52, which flew in the night of 18 December, is parked in a waiting area of the strategic Air Force unit on the Yara side of the town. The plane was not making any particular moves as of 0930 today.

No Agreement With ROK on Fingerprinting Issue

*OW1912144890 Tokyo KYODO in English 1412 GMT
19 Dec 90*

[Text] Tokyo, Dec. 19 KYODO—Top working-level officials of Japan and South Korea concluded talks here on Wednesday without an agreement to exempt first- and second-generation Korean residents in Japan from the alien fingerprinting requirement, Japanese officials said.

The one-day meeting was held to discuss ways to end legal discrimination against resident Koreans, including demands from Seoul that such residents be allowed to work in local government and civil service posts.

The next meeting is expected to be held in Seoul in early January before Prime Minister Toshiki Kaifu visits South Korea, the officials said.

Among attendants at the Wednesday talks were Sakutaro Tanino, director general of the Foreign Ministry's Asian Affairs Bureau, and South Korean counterpart Kim Chung-ki, as well as other officials from the two nations' Ministries of Justice, Education and Home Affairs.

At the talks South Korean officials asked Japan to specify the exact date when resident Koreans are to be exempted from fingerprinting, noting that the 1965 bilateral treaty on the legal status of resident Koreans will become invalid on January 16. But Japanese officials reiterated that it will take time to develop an alternative identification system, although they said Japan intends to show an alternative method when Kaifu visits Seoul.

An estimated 680,000 Koreans now reside in Japan, many of them descendants of laborers conscripted during Japan's colonial rule of the Korean Peninsula between 1910 and 1945. They are required to be fingerprinted as foreign nationals when they reach the age of 16 and to carry foreign registration cards. The Korean residents have also complained that they face job discrimination. All foreign residents of Japan must be fingerprinted under present regulations.

During South Korean President No Tae-u's visit to Japan in May, Japan agreed to exempt third-generation and later Korean residents from fingerprinting. In addition, at a Japan-South Korea ministerial meeting in Seoul in late November, Japan once again promised to abandon the fingerprinting requirement for Koreans after a new identification method is developed.

Chinese Nationals Found Guilty of Illegal Entry

*OW2012075990 Tokyo KYODO in English 0745 GMT
20 Dec 90*

[Text] Nagasaki, Dec. 20 KYODO—The Nagasaki District Court on Thursday found guilty a group of 15 Chinese nationals and gave them suspended jail terms for illegally landing in Japan without necessary documents in September last year.

Judge Takeshi Akatsuka gave a 14-month jail term suspended for four years to group leader Lin Jinrui, 24. Others received prison terms of between six and ten months suspended for three years.

In September last year, the group left China's southeastern Fujian Province on a fishing boat to seek employment in Japan, the court said, landing on the coast at Nagasaki on October 3.

He told the court session that their conduct was evil as it was a collective, well-planned incident which made a big impact on Japanese society where the topic of illegal labor by foreigners is controversial.

Ministry Critical of UN Migrant Workers Treaty

*OW1912142790 Tokyo KYODO in English 1352 GMT
19 Dec 90*

[Text] Tokyo, Dec. 19 KYODO—The government took a dim view but local human rights groups were encouraged Wednesday by a United Nations treaty, unanimously adopted by the General Assembly Tuesday, guaranteeing a broad range of basic human rights for some 16 million migrant workers and their families around the world.

The treaty guarantees basic human and labor rights, whether workers are legally documented or not, including access to medical services, social welfare, and free language assistance when the migrants face legal proceedings.

The Foreign Ministry on Wednesday said the treaty was drawn up by nations where the migrant workers come from, "for their own convenience."

"There are several points that do not match up with the current situation in Japan. The adoption of the treaty will probably not have much influence on Japan," a ministry source said.

The ministry's Division for Human Rights and Refugees stressed that the treaty goes against basic principles of equality by guaranteeing migrant workers better treatment than other aliens in general and that it does not balance with rights and responsibilities of (migrant workers and other aliens) in the receiving nations.

"America, Britain, Germany, and other developed nations are saying that ratification (of the treaty) will be difficult since it contradicts domestic laws," the Rights and Refugees Division said skeptically of the new convention.

"Currently, Japan is considering a basic labor policy, including foreign laborers, and after the basics are firmed up, we will discuss how to involve this treaty," an official at the division said.

The ministry's Division on Foreigners, also considering the question of foreign laborers, remarked, "It will be necessary to think carefully about the opinions expressed in this treaty mainly by the countries where these laborers come from."

Human rights groups hailed the new treaty and indicated dissatisfaction with Japanese administrative policy.

One human rights group, the Edogawa Union, reported that workers who overstay their visas have a number of serious problems, such as one laborer who wanted a prematurely born child admitted to a hospital but had no insurance.

"The application of social guarantees is a rights problem. As the child grows, problems of education and work will occur," an official said, adding that the government

should no longer force out migrant workers using the Refugee Immigration Law as a pretext.

Masako Owaki, an attorney with a group of lawyers working for the migrant laborers, called the treaty "an epoch-making turning point" since "guarantees for basic human rights is something that transcends international borders and should be protected."

"Our country will have to begin making arrangements in domestic laws. Within international society, the Japanese awareness of human rights is being called into question," Owaki said.

Owaki pointed out that during three days earlier this month, the "foreigners rights hotline," set up by the lawyers group, discussed some 240 cases.

Tomoya Inyaku of the Asia Pacific Resource Center remarked, however, that the contents of the treaty were as expected, saying that it was an expression that human rights are not being protected currently.

Positive Response to GATT Trade Proposal Urged

*OW1912141390 Tokyo KYODO in English 1334 GMT
19 Dec 90*

[Text] Tokyo, Dec. 19 KYODO—A senior official of the ruling Liberal Democratic Party (LDP) urged the government Wednesday to make a positive response to a compromise proposal on farm trade at the Uruguay Round of multinational trade talks.

Toshio Yamaguchi, head of the LDP's Economic Policy Coordinating Panel, said in an interview with KYODO News Service that "a zero response" by Japan to the proposal, which calls for a partial opening of rice markets in participating nations, would disrupt international economic order.

The proposal by Mats Hellstrom, Swedish agriculture minister and chairman of the Uruguay Round's Farm Negotiation Group, called for "minimum access" to the rice markets of participating nations, or imports of about 5 percent of their domestic rice consumption.

The issue will be discussed in a resumed round of negotiations early next year.

Toyota Opens Maintenance Factory in Soviet Union

*OW1912121190 Tokyo KYODO in English 0956 GMT
19 Dec 90*

[Text] Nagoya, Dec. 19 KYODO—Toyota Motor Corp. has opened its second factory in the Soviet Union for maintenance and aftersale service of its cars, President Syoichiro Toyoda said Wednesday.

Toyoda said at a press conference that he hopes to strengthen the company's sales base in the Soviet Union and Eastern Europe by building a network of such maintenance factories.

"We are thinking of building eight more factories in the Soviet Union by the end of next year. We are also preparing to build factories in East European countries," he said.

Toyota-Daljlesprom Khabarovsk Service Station, located in the suburbs of Khabarovsk, follows a factory opening in Moscow in October, and will be the service center for Toyota cars in the Soviet Far East.

It has floor space of 400 square meters and a staff of 14 handling maintenance and repairs as well as sales of car parts, the president said.

Participating in the investment of the new factory are Toyota, the local Soviet concerns and the Japanese trading company Nissho Iwai Corp.

Toyota's car exports to the Soviet Union, at 2,500 vehicles last year, are expected to increase to 3,500 vehicles this year.

North Korea

Commentaries on South Prime Minister's Speech

'Brigandish Logic' Assailed

*SK2012025690 Pyongyang Domestic Service
in Korean 1150 GMT 17 Dec 90*

[Commentary by station commentator Chong Pong-kil: "A Brigandish Logic of Those Who Pursue Confrontation and Division"]

[Text] Lately, the South Korean puppets have been viciously trying to justify their criminal pursuit of confrontation and perpetual division, while whimsically slandering us.

In a speech given at a commencement ceremony of the National Defense College on 15 December, the puppet prime minister fanned war fever by babbling about somebody else's strategy toward the South. In a session of the puppet National Assembly committee on diplomatic and reunification affairs held on the same day, the person holding the office of the puppet minister of National Unification Board, in a report on the results of the third round of the North-South High-Level Talks, babbled about an outdated method based on the lines of communizing the South through revolution, arguing that the prospect for the fourth round of talks is uncertain as it is expected to coincide with the Team Spirit exercise.

This is a reverse, brigandish logic of those pursuing confrontation and perpetual division and a brazen-faced act by a thief who calls others thieves.

The South side is entirely to blame for having failed to reach any agreement between the North and South even after the three rounds of North-South High-Level Talks.

As is known, at the third round of the North-South High-Level Talks, we put forward a new proposal for

adopting a declaration between the North and South on nonaggression and on reconciliation and cooperation. By this proposal, we sought a firm promise on peace and nonaggression between the North and South. Moreover, this proposal sufficiently reflects the demands of the South side.

We did not even mention in the proposal the withdrawal of U.S. troops occupying South Korea and nuclear weapons that the South side was reluctant to accept.

If the South side genuinely hopes for national peace and peaceful reunification, it has no reasons or justification to refuse to accept our proposal.

This notwithstanding, the South Korean puppets insisted on adopting, before anything else, the so-called agreement on improving relations between the North and South which it had put forward at the first round of the North-South High-Level Talks.

The chief reason why there has been no confidence-building between the North and South and why misunderstanding and mistrust have been fostered between them stems from the doubt whether one side intends to swallow up the other side. So, if the two sides adopt a nonaggression declaration, the source of mistrust will be eliminated and confidence will be built.

The puppets babbled about a strategy toward the South or about the lines of communizing the South through revolution on the ground that we intend to swallow them up. If the South side feels that threat, it should have responded to the idea of adopting a nonaggression declaration, mutually promising against aggression.

By not accepting our proposal for adopting a nonaggression declaration, the puppets have revealed that their babbling about confidence-building, peace, and reunification is a lie, an empty talk, and that the threat of southward invasion is a false claim.

The No Tae-u ring opposed the adoption of the nonaggression declaration out of the desire to keep the U.S. imperialists troops of aggression and nuclear weapons stationed in South Korea indefinitely, to maintain superior position of strength together with the U.S. imperialists, and to merge with the North after absorbing it or realize its criminal scheme of achieving reunification after prevailing over communism through the use of force.

The position of the South Korean ruling bunch on the issue of adopting a nonaggression declaration between the North and South has exposed their sinister desire to swallow up the North.

It is out of such a criminal intent that the person holding the office of the puppet minister of National Unification Board, while stating that the prospect for the fourth round of talks is uncertain because it coincides with the Team Spirit exercise, did not say even a word about discontinuation.

If the puppets have no ambition to achieve reunification by prevailing over communism together with the U.S. imperialists, why do they want to continue the Team Spirit war exercise which is so much opposed by not only our people, but also by the peace-loving people of the world?

From start to finish, the Team Spirit war exercise, in view of its size and its aggressive nature, is a nuclear test war and a preliminary war aimed at invading the North.

The No Tae-u ring, which is hostile to us, its fellow countrymen, and even slanders us preposterously, while dreaming of realizing its wild ambitions of achieving reunification by prevailing over communism in collusion with the U.S. imperialist aggressors who have occupied the southern half of the country with force, is a group of traitors with whom we can never live together under the same sky.

The No Tae-u ring, which is running along the road of confrontation and perpetual division at a time when the North and South should jointly take the road of reunification through reconciliation and unity, will never be able to avoid national curse and denunciation for its great sin committed before the country and people.

The No Tae-u ring should act judiciously and clearly realize that those who run against the trends of the times and national desire will be brought before a stern court of the people.

Paper on 'Attitude of Confrontation'

*SK2012013990 Pyongyang Domestic Service
in Korean 0025 GMT 18 Dec 90*

[NODONG SINMUN 18 December commentary: "The Invariable Attitude of Confrontation"]

[Text] In his speech at a graduation ceremony of the Defense Academy on 15 December, puppet South Korean Prime Minister Kang Yong-hun said that civilians, the government, and the Army should take wise steps against the political forces attempting to destroy the democratic constitutional system.

His version of the democratic constitutional system means a colonial fascist dictatorial system. It is also plain that when he referred to the political forces attempting to destroy it, he implied the patriotic democratic reunification forces who struggle for independence, democracy, and reunification.

His remarks, after all, meant that the puppet armed forces as well as the police should be mobilized in suppressing the people's struggle for independence, democracy, and reunification.

Recently alone, the fascist clique has fabricated the case of the Socialist League of Workers, the case of the (?National Council for Independence, Democracy, and Reunification), and other fictitious cases in succession

and has been hell bent on repressing the patriotic democratic reunification forces. In addition, it has created a horrendous atmosphere of terror by mobilizing not only the police but also the puppet army in suppressing the people under the plausible pretext of an anticrime war.

This shows that the No Tae-u ring is trying to find a way out to rescue the regime of the Sixth Republic which has been faced with an ever worsening crisis due to the people's developing struggle for independence, democracy, and reunification.

On that day, the puppet prime minister talked about so-called changes in the situation and abused us again by mentioning the North's southward strategy.

In his briefing on the results of the third round of North-South High-Level Talks at the Diplomacy and Reunification Committee of the puppet National Assembly on the same day, the puppet minister of reunification board foolishly attempted to shun the responsibility for the impasse of the talks, clamoring about the North's hackneyed approach based on its lines of revolutionizing the South.

In this way, the South Korean puppets abused us, talking about the southward strategy and the lines of revolutionizing the South. This is a ridiculous maneuver to block progress in the North-South dialogue arranged by our sincere efforts, to lay the blame for its deadlock on us, and to hide their nature as antireunification splittist forces.

As is known, the South side insisted on legalizing division by agreement between the two sides of the North and the South, talking about the recognition of substantial entities at the North-South High-Level Talks. Proceeding from this stance, the South side objected to solving such fundamental problems as putting an end to political and military confrontation and as adopting a nonaggression declaration and assumed the stance of the North and the South just trading with each other while coexisting as separate states.

At the third round of talks, the South side went back to its original stand at the first round of talks, came out again with a basic agreement on improving North-South relations, insisted on the unjust concept of giving priority to building confidence, and persistently objected to accepting our proposal to adopt a North-South declaration of nonaggression, reconciliation, and cooperation.

The root of distrust between the North and the South lies in thinking that one side tries to annex the other side. Therefore, the initial step in removing misunderstanding and distrust, in easing the state of confrontation, and in opening a new phase for peace and peaceful reunification is to adopt the declaration of nonaggression in which the North and the South will commit themselves not to invade the other side.

The nonaggression declaration is not a matter which can be settled after building confidence, but a step for guaranteeing the most consolidated and reliable confidence.

The puppets have often talked about the threat of southward invasion, mentioning the North's lines of revolutionizing the South. Why does the South side say that it cannot accept the proposal for adopting the declaration when we demand that this suspicion be cleared away by declaring nonaggression?

By failing to accept our proposal to adopt the declaration of nonaggression, the South side laid bare the fact that its remarks about confidence-building are empty talks and about the threat of southward invasion is nothing but fiction.

Furthermore, the puppets even conducted the worn-out anticommunist smear propaganda at the talk's hall, thereby reducing the talk's site to a theater for provocations and confrontation against the other side. Also, they frantically conducted the anticommunist propaganda of slandering and defaming the partner in dialogue outside the talk's hall and even blocked our delegation from meeting Seoul citizens with violence.

Realities confirm that the South Korean puppets have invariably abused dialogue for their impure political purpose and have not discarded the bad attitude of the seventies in which they raved about confrontation amid dialogue.

With no sophism can the South Korean puppets undermine our peace- and reunification-oriented stand nor can it justify its treacherous crime of dashing along the road of fascism, division, and confrontation while abusing North-South dialogue for a splittist purpose.

If the South Korea authorities are even a little genuinely interested in dialogue and reunification, they should stop inconsistent nonsensical remarks and respond to our proposal for adopting the nonaggression declaration with a sincere attitude and stand toward North-South dialogue.

South's Grain Procurement Agreement Denounced

*SK1912053490 Pyongyang KCNA in English
0426 GMT 19 Dec 90*

["Arbitrary Conduct of Traitors"—KCNA headline]

[Text] Pyongyang December 19 (KCNA)—No Tae-u railroaded in 70 seconds an "agreement bill on procurement of grain" at the "Agricultural, Forestry and Fishery Committee of the National Assembly" December 17 where only "lawmakers from the Democratic Liberal Party [DLP]" were present.

Commenting on this, NODONG SINMUN today says this shows that the No Tae-u group still use the "parliament" as a "theatre for the monopoly show of the DLP."

The news analyst says:

The "agreement bill" is a brigandish "bill" which ignores the demand of the farmers.

The farmers of South Korea have lost the market and find themselves on the verge of bankruptcy, saddled with heavy debts due to the treacherous acts of the puppets who have devastated the countryside and totally opened the agro-stock markets to the United States.

Far from accepting their elementary demand for higher grain procurement prices, the puppets cracked down at the point of the bayonet on the righteous struggle of the farmers, branding their demand as a "preposterous fame-seeking political demand". This time, the anti-popular "bill" totally ignoring the farmers' demand was railroaded with the "DLP" lawmakers alone present.

This was an unpardonable treacherous crime which was committed for the purpose of prolonging the dirty remaining days of the colonial stooges in return for benefiting the imperialist master in disregard of the people's fate.

The South Korean people will never tolerate the criminal acts of the No Tae-u group who devastated the countryside and intend to bleed the people white.

Team Spirit Exercises, High-Level Talks Viewed

*SK1912103990 Pyongyang KCNA in English
1025 GMT 19 Dec 90*

[Text] Pyongyang December 19 (KCNA)—Surnamed Song, "vice-minister" of the puppet unification board, in his answer to a "policy interpellation" at the plenary meeting of the "Special Committee for Unification Policy" of the puppet National Assembly on December 18 cried he could not rule out a "negative aspect" that the North side would pick on the "Team Spirit" exercises to make the prospect of the talks "opaque" because the fourth North-South High-Level Talks slated in late February next year times to coincide with the exercises, according to a radio report from Seoul.

This is a brazenfaced utterance like a thief crying "stop thief". It is entirely self-evident that to continue the "Team Spirit" or not is a touchstone showing the stand and attitude of the South side that whether it wants the removal of the military confrontation between the North and the South or not, and wants reunification-oriented dialogue or not.

Nevertheless, at a National Assembly session the South Korean puppet clique openly made it a fait accompli the continuation of the "Team Spirit" military manoeuvres and talked about "opacity" of the "prospect of the talks" to shift its responsibility on to us.

Such brigandish utterance can never go down with anyone.

All facts show that the South Korean puppet clique is not interested in the dialogue for reunification but hell bent on the aggravation of tension and antagonism.

U.S. Ambassador's Letter on Forces Denounced

*SK2012050390 Pyongyang KCNA in English
0431 GMT 20 Dec 90*

[Text] Pyongyang December 20 (KCNA)—U.S. Ambassador to South Korea Gregg sent a letter to the South Korean "foreign minister," "requesting" him to "restore" the 50 million dollars to be paid by South Korea as part of the maintenance fee for the U.S. forces in South Korea, which was cut at the budget deliberation of the puppet National Assembly.

Upon receiving the letter, the South Korean rulers claim that this is an "expression of opinion" which is usually made by a "diplomatic envoy."

NODONG SINMUN today brands Gregg's letter as a directive and a brigandish demand of the occupier to the South Korean puppets.

The news analyst says:

The U.S. Ambassador's letter of "request" is nothing but a crafty ruse to conceal the relations between a colony and the suzerain state from the eyes of the world people.

The U.S. imperialists even meddle with the matter which was voted against at the "National Assembly," although it is nominal. This shows once again how they look down upon the puppets.

The U.S. imperialists' arrogant, brigandish demand to South Korea is unthinkable apart from the puppets' servile flunkeyist treacheries.

In disregard of the strong anti-American sentiments of broad segments of people, the South Korean puppets are meekly accepting the brigandish demand of the U.S. imperialists, claiming that "there is no other alternative because cooperation for security might strike a snag."

Gregg's brigandish demand will evoke stronger anti-American sentiments among the South Korean people.

Kim Il-song Receives Gifts From Abroad

*SK2012044990 Pyongyang KCNA in English
0428 GMT 20 Dec 90*

[Text] Pyongyang December 20 (KCNA)—The great leader President Kim Il-song has received gifts in succession from different countries.

More than 4,000 pieces of gifts came to him from 100 odd countries of the world this year alone.

They include gifts from heads of state, heads of governments, chairmen and general secretaries of parties of some 40 countries.

Among them are also those from high-ranking officials, delegations and organizations of different countries, individuals, international organizations and overseas Koreans that visited the Democratic People's Republic of Korea.

They include many precious goods which were presented in praise of his greatness and undying revolutionary feats and in token of firm solidarity for the revolutionary cause of *chuche*.

This is a clear expression of boundless trust and reverence of the world progressive people for President Kim Il-song who adds lustre to the era of independence with his tested leadership and makes great contributions to the victory of the cause of socialism and communism and to the development of the world revolutionary movement.

Kim Chong-il 'Highly' Praised as 'Great Leader'

*SK1912141590 Pyongyang Domestic Service
in Korean 2100 GMT 16 Dec 90*

[Text] World social circles are highly praising dear leader Comrade Kim Chong-il as a master of leadership, as a great leader [*chidoja*], and as a great lodestar of their era.

(Havo Immanuel), a prominent figure of Malta, said: His excellency, dear Kim Chong-il, with his extraordinary ideological and theoretical activities, is ceaselessly deepening and developing the revolutionary ideas of the great leader President Kim Il-song. By clearly elucidating that the revolutionary ideas of President Kim Il-song are a monolithic system of the *chuche* idea and theory, he has developed and enriched the revolutionary ideas of the working class into a great revolutionary idea of complete structural system and contents.

The Zimbabwean paper THE HERALD said: The most brilliant achievement which dear Comrade Kim Chong-il has won is the epochal turn he has made in party building and work, and is the consolidation and development of the Workers Party of Korea [WPK] into a powerful *chuche*-type revolutionary party and the development of the revolutionary ranks into a mighty political force. He has firmly established an organizational and ideological foundation by which the WPK can consummate the *chuche* revolutionary cause and can develop into an everlasting *chuche*-type party. At the same time, he has achieved the unity and cohesion of the party, has firmly rallied all the people around the party, and has permeated the entire society with a unitary idea, the *chuche* idea. As a result, the WPK has strengthened and developed into iron ranks which never succumb under any circumstances but are always victorious and into an ever-victorious powerful party which vigorously pushes ahead with the *chuche* revolutionary cause.

Jose Rivas, (?coordinator) of a metropolitan university in Mexico, said: Dear Comrade Kim Chong-il's unique ideological and theoretical activities, his bold and extensive creative capabilities, and his outstanding leadership

are a model for us. By putting extraordinary strategies and tactics at every phase of the revolution and construction and by encouraging the people with his extraordinary creative capabilities, he has created miracles.

Indian magazine (NEW CAREER) said: With outstanding wisdom and ingenious leadership, dear leader Comrade Kim Chong-il has achieved great successes in political, economic, cultural, and all other areas. By setting high targets all the time and by waging speed battles, he says that things should be accomplished most expeditiously and most qualitatively. He vigorously excites the revolutionary zeal of the party and people. By so doing, he accomplishes huge projects in merely a year which can normally take a decade to complete. His extraordinary organizational talents and ingenious leadership are the source of the power which brings world-famous changes and miracles to Korea.

Mohamoud M. Afrah, editor in chief of the Somali paper HEEGAN, said: The Korean people, who are under the tested leadership of dear leader Comrade Kim Chong-il, have vigorously waged the sacred struggle for the socialist construction and have created miracles and innovations which have astonished the peoples of the world. By completing many construction projects, including the first-phase construction of Sunchon vinalon complex and the construction of the 18 May heavy forging plant, the Korean people have vigorously displayed the might and superiority of the self-reliant socialist economy to the world.

(Kisso Bennett), editor-in-chief of the British ASIAN TIMES, said: Today, in Korea, socialism is victoriously advancing under the wise leadership of the WPK. By overcoming all difficulties, the Korean people are invariably advancing along the road of socialism. Socialism of Korea is a unique socialism which has embodied the *chuche* idea.

The Rwandan paper (LE CONSOMITER AFRIKAN) said: In Korea, all members of the society are nurtured as new *chuche*-type human beings filially loyal and obedient to the party and leader. At the same time, the task of making the people's economy *chuche*-oriented, modern, and scientific has reached a high stage through the successful technological revolution. The great master who has created the new history of such astonishing prosperity and development is precisely dear leader Comrade Kim Chong-il.

Dr. (Antenor Castro), director of the Social Sciences Department of (Inca Garcilaso Delavega) University of Peru, said: Dear Comrade Kim Chong-il is devoting himself to the complete victory of the Korean revolution pioneered by the great leader Comrade Kim Il-song. In world history, there have been many great men. However, people have never seen such a great leader [*yongdoja*] as dear Comrade Kim Chong-il. New and stunning miracles are created every day. This is precisely because he, under the banner of the *chuche* idea, wisely leads the people along the single road of victory.

Angolan television service stressed as follows: Comrade Kim Chong-il is a great leader [chidoja] who has set world-famous models in the revolution and construction with outstanding and tested leadership. Changes which have taken place in Korea thanks to his ideological and theoretical activities and wise leadership give all peoples confidence in victory and vigorously encourage them to building a new society. Indeed, Comrade Kim Chong-il is a great lodestar which has appeared in Korea in the era of independence.

Choe Tae-pok Attends Publishing House Meeting

*SK1212070490 Pyongyang Domestic Service
in Korean 1300 GMT 10 Dec 90*

[Excerpt] A report meeting to mark 30th anniversary of the founding of the Higher Education Book Publishing House was held at the People's Great Study Hall on the afternoon of 10 December. Put up at the front of the meeting place was a portrait of Comrade Kim Il-song, the great leader of our party and our people. Also put up at the meeting place were the slogans reading, "Long live the great leader Comrade Kim Il-song" and "Long live the glorious Workers Party of Korea [WPK]." In the background of the rostrum was the theme "The 30th anniversary of the founding of the Higher Education Book Publishing House."

Comrade Choe Tae-pok, alternate member of the Political Bureau and secretary of the WPK Central Committee; Choe Kil-yong, chairman of the Education Committee; and other functionaries of the relevant sector were present at the report meeting along with the responsible functionaries and employees of the publishing house, the functionaries of the higher educational sector in Pyongyang, and the functionaries of the publishing sector.

The report meeting began with the chorus of the "Song of Gen. Kim Il-song." At the report meeting, Comrade Choe Tae-pok read a congratulatory letter of the WPK Central Committee to reporters and editors of the Higher Education Book Publishing House.

[Begin Choe Tae-pok recording] A letter of congratulations: To the reporters and editors of the Higher Education Book Publishing House:

On the occasion of the 30th anniversary of the founding of the Higher Education Book Publishing House, the WPK Central Committee sends warm congratulations to the reporters and editors of the publishing house.

The great leader Comrade Kim Il-song, with deep understanding of the significance of the textbooks in the education of the younger generations and in the work of nurturing national cadres, has wisely organized and led the work of publishing college textbooks based on the shining tradition of the revolutionary publications he achieved from the initial period of the anti-Japanese revolutionary struggle to the era of new fatherland building, and founded the Higher Education Book

Publishing House on 12 December 1960 when there was a task to develop the work of nurturing the men of ability in technology onto a new higher stage.

The Higher Education Book Publishing House has excellently carried out its honorable mission in the work of publishing textbooks for nurturing the national cadres and developing the science and technology of the country under the party's leadership.

In the initial period of its founding, the publishing house edited and published numerous chuche-established textbooks and reference books of our own style for the colleges and vocational colleges of industrial, agricultural, and other sectors; resolved the problem of nurturing national technological cadres on its own; and successfully solved the scientific and technological problems arising in the development of the people's economy, thereby contributing to realizing the historical task of socialist industrialization.

Upholding the program of modeling the entire society on the chuche idea put forward by our party, the publishing house waged an active struggle to improve the contents of the textbooks and to produce the textbooks and reference books of modern science and technology and teaching materials for the workplace colleges and for night and correspondence education, and contributed greatly to nurturing a great unit of intellectuals, accelerating the three revolutions—ideological, technological, and cultural—and realizing the chucheization, modernization, and scientization of the people's economy.

By embodying the principles of socialist pedagogy, the Higher Education Book Publishing House has enhanced the standard of the embodiment of the party policy in the textbooks and reference books; and by reflecting the successes of modern science and technology, it has continuously enriched their scientific and theoretical contents.

Through the struggle to implement the party's educational policy, the Higher Education Book Publishing House has become a dependable educational and publishing organization which is loyal to the party and the leader and which has a competent editorial staff and strong material and technological foundation.

The WPK Central Committee highly values the great success which the reporters and editors of the Higher Education Book Publishing House have attained in the work of editing and publishing the textbooks for nurturing technicians and experts and for the development of science and technology for the country while upholding our party's educational policy. [applause] [end recording] [passage omitted]

Meeting Marks Anniversary of Kim Chong-il Work

*SK1412025890 Pyongyang KCNA in English
2200 GMT 13 dec 90*

[Text] Pyongyang December 13 (KCNA)—A national meeting was held at the Central Workers' House today to

mark the 5th anniversary of the publication of "On Stepping Up Work of the Union of Agricultural Working People," a letter of dear Comrade Kim Chong-il to those attending the national training course for the officials of the union on December 14, 1985.

It was attended by secretary of the Central Committee of the Workers Party of Korea Kim Chung-nin and person-ages concerned.

Pak Su-tong chairman of the Central Committee of the Union of Agricultural Working People of Korea said in his report that this work indicated tasks and ways facing the union such as its character and duty and principles of its building and activities. The reporter referred to the achievements made in carrying out three revolutions, ideological, technical and cultural, laid down in the work.

He said that the industrialisation and modernization of agriculture should be stepped up to more thoroughly carry out the tasks set forth in the work and the efforts for the introduction of the central heating system and gasification, etc. should be vigorously pushed forward in the countryside and thus rural communities built well to be a socialist modern countryside which has nothing to envy as compared with town. A central symposium on this work was held at the People's Palace of Culture today.

Dailies 'Assail' Suppression of Student's Parents

SK2012051590 Pyongyang KCNA in English
0454 GMT 20 Dec 90

[Text] Pyongyang December 20 (KCNA)—NODONG SINMUN and MINJU CHOSON today assail the South Korean rulers' suppression of the parents of woman student Yim Su-kyong.

The South Korean ruling quarters are now investigating them on such false charges as "communication in advance" and "preparation in advance" after the house of student Yim Su-kyong was visited by our reporters who were covering the third North-South High-Level Talks in Seoul.

NODONG SINMUN in a by-lined commentary head-lined "Criminal Act Against Reconciliation and Unity" says:

It is too natural that our reporters called at the house of student Yim Su-kyong, and her parents welcomed them. There is nothing to be accused or investigated.

The South Korean rulers' investigation is another operation to harshly suppress those people whom we met.

It is also a rude and insensible act. It only proves that they have no intention of reunifying the country through dialogue with us.

It is an anachronistic and unpardonable criminal act against the nation and reunification to incriminate the

meeting between fellow countrymen at a time when they are unanimously demanding national reconciliation, unity and reunification through wide-range dialogue.

A by-lined article of MINJU CHOSON urges the South Korean rulers to immediately release student Yim Su-kyong and all other messengers of reunification and stop their suppression of her parents at once.

Delegates in Bonn 'Denounce' South Arrests

SK2012111090 Pyongyang KCNA in English
1003 GMT 20 Dec 90

[Text] Pyongyang December 20 (KCNA)—A meeting of Koreans overseas was held in Bonn to denounce the South Korean authorities' incarceration of the three delegates of the South side who returned after participating in the Berlin tripartite working-level talks of the Pan-National Alliance for Reunification (Pomminnyon), according to a report.

Many compatriots affiliated with Pomminnyon and organisations of Korean residents in Europe sang at the top of their voices "Our Wish Is Reunification" and "Korea Is One" while shouting the slogan "Away with No Tae-u who blocks the reunification movement", upholding slogan boards demanding an immediate release of the South side's three delegates who had participated in the Berlin tripartite working-level talks of Pomminnyon.

The participants in a document adopted at the meeting branded the arrest of the South side's delegates as a revelation of the dependent, anti-reunification, anti-peace nature of the present "regime."

They demanded an immediate release of all political prisoners including the South side's delegates and the abolition of the "National Security Law".

After the meeting the participants held a protest in front of the puppet South Korean Embassy.

The measure committee for the rescue of the South side's delegates to the Berlin tripartite working-level talks of Pomminnyon declared that it would continue holding demonstrations and a signature campaign in different areas where there are puppet consulates till they are set free.

KCNA Reviews 20 Dec Pyongyang Press

SK2012051690 Pyongyang KCNA in English
0435 GMT 20 Dec 90

[Press review]

[Text] Pyongyang December 20 (KCNA)—NODONG SINMUN today carries news that answers of the great leader President Kim Il-song to questions raised by the president of the Nepal Journalists Association was reported by foreign mass media.

Papers dedicate articles to the 10th anniversary of the publication of "On Improving the Guidance of Socialist Economic Construction", a historical work of President Kim Il-song (December 20, 1980).

It is reported in the press that South Korean people ardently revere dear Comrade Kim Chong-il.

NODONG SINMUN allots a whole page to a special write-up saying that 1990 was a year when the unity and cohesion of the party and the masses has been further consolidated.

The paper conveys voices of foreigners praising the might of our country where the leader, the party and people are singleheartedly united.

Econews of the press includes reports that coal mines under the South Hamgyong Provincial General Bureau of Coal Industry are producing more coal and that spread of humus soil over field is in full swing at rural communities across the country.

NODONG SINMUN introduces newly-released feature film "Nobody Knows" by the Samjiyon production unit of the Korean Film Studio. The film based on the song sung during the Korean war "Nobody Knows" depicts the Korean people's living and fight with high confidence in the victory.

The Cape Verde Committee for Friendship and Solidarity with the Korean People was inaugurated, a DPRK film show was arranged in Uganda, a DPRK fine arts and handiwork exhibition was held in Sierra Leone, says the press.

Workers of the marine products processing base on Tan Islet under the North Pyongan Provincial Fishery Administration rescued wrecked Chinese fishermen, says NODONG SINMUN.

Papers in commentaries denounce the South Korean rulers for suppressing the parents of coed Yim Su-kyong.

NODONG SINMUN comes out with a commentary lambasting U.S. Ambassador to South Korea Gregg for "requesting" the South Korean authorities to "restore" 50 million dollars to be paid by South Korea as part of the maintenance fee for the U.S. forces in South Korea.

The U.S. imperialist aggressors staged aerial military exercises against the North, says the press.

The South Korean news of the press includes reports that a meeting of overseas compatriots was held in Bonn in connection with the arrest of South side's delegates to the Berlin tripartite talks of "Pomminnyon", No Tae-u's Moscow trip was under fire in different countries, and the South Korean authorities are scheming to block the activities of Rev. Mun Ik-hwan to report about his visit to the North.

NODONG SINMUN runs an article captioned "Anti-U.S. Struggle of South Korean People Which Develops

Into a Mass Movement". It carries an article written by its press group which have been to Seoul to cover the third North-South high-level talks. The article says no one can bar the ardent desire of the South Korean people for reunification.

The paper informs the readers that the annual meeting of the Society for the Promotion of the Relations Between Austria and the Democratic People's Republic of Korea was held, the Tottori Prefectural Assembly of Japan demanded the early realisation of the normalization of Japan-DPRK diplomatic relations, and a Kyoto round-table conference on economic exchange between Japan and the DPRK was held.

International news columns of the press include reports that most of the Soviet people oppose transition to market economy, the Malagasy president referred to the peace issue in the Middle East, the Tanzanian prime minister called for the establishment of an independent political system, the president of the U.N. General Assembly called for holding an international conference on peace in the Middle East, the Arab League condemned Israel's suppression, the Chinese Embassy in Australia protested against that country's interference in the Tibetan problem, the Cuban paper GRANMA criticized anti-Cuban utterances of the U.S. president and developing countries are cooperating in many fields.

"Imperialism Makes Desperate Efforts Whenever It Faces a Crisis" is the title of an article of the paper.

South Korea

Magazines Carrying Letter to Kim Il-song Seized
*SK2012024090 Seoul YONHAP in English 0157 GMT
20 Dec 90*

[Text] Seoul, Dec. 20 (YONHAP)—Police raided a printer and seized 19,000 copies of the monthly magazine MAL (Words) Wednesday night on suspicion that a letter in it violated the National Security Law by praising North Korean leader Kim Il-song. The letter was written by the Rev. Mun Ik-hwan, a leading dissident who has been sentenced to seven years in jail for visiting North Korea without government approval but is currently out on parole for health reasons.

About 30 police officers, armed with a search warrant, broke into the printing house and whisked away the copies of MAL's January 1991 number in a truck, but no violence was reported by magazine staff on the scene.

Assistant editor Yi Tae-yong said, "the police seizure is obvious pre-publication censorship and a grave challenge to freedom of the press. Mun's letter cannot be considered as applauding President Kim in violation of the National Security Law, for it contains many critical ideas and passages urging changes in North Korea."

"The manuscript was handed in on Dec. 12, when the third round of inter-Korean premiers' talks was going on, and Mun wished in the script a good result from the talks toward unification."

Mun was released from prison to undergo medical treatment late in October. He was imprisoned on his return from an unauthorized trip to Pyongyang in April 1989.

On Dec. 14, police searched the editorial offices of the magazine and confiscated Mun's letter. MAL, self-dubbed "a progressive current news magazine," is famous for its critical editorials and reports among the nation's dissidents and university students.

Rev. Mun 'Regrets' Seizure

*SK2012082490 Seoul YONHAP in English 0736 GMT
20 Dec 90*

[Text] Seoul, Dec. 20 (YONHAP)—The Rev. Mun Ik-hwan, urging the government to adopt a positive attitude toward unification, said Thursday he felt regret at the seizure of the January edition of the magazine MAL (Words).

All Koreans desire unification of Korea, the world's last divided nation, but the government of South Korea "obstructs unification" by keeping Yim Su-kyong in jail for visiting the North without its permission in July last year, the 72-year-old Presbyterian clergyman and dissident leader said. In a news conference at the office of the umbrella dissident organization Chonminnyon [National Democratic Alliance of Korea], Mun also called for the release of the Rev. [title as received] Mun Kyu-hyon, who escorted Yim home from Pyongyang, and others jailed for visiting North Korea.

On Wednesday, the police seized all copies of MAL's January edition because it contains a letter from Mun to North Korean President Kim Il-song that they suspect violates the National Security Law by praising Kim. Under the harsh anti-communist National Security Law, it is illegal to contact a North Korean anywhere in the world without government approval or to praise Kim or his *chuche* (self-reliance) ideology.

Police have asked Mun to report for questioning but he has refused. "It goes beyond my understanding for a government advocating liberal democracy to disallow an open letter to North Korea," he said. Mun is out on parole for health reasons after having been sentenced to seven years in jail for visiting Pyongyang three months before Yim. Police have warned that the dissident preacher may be put to jail again if he engages in politics.

PPD Says Political Arrests Double Under No

*SK2012061590 Seoul YONHAP in English 0552 GMT
20 Dec 90*

[Text] Seoul, Dec. 20 (YONHAP)—Since President No Tae-u took office nearly three years ago, the number of

people arrested for their political activities has doubled, the opposition party for Peace and Democracy (PPD) charged Thursday.

Between Feb. 25, 1988, when No was sworn in, and Nov. 30 this year, an average of four people a day have been arrested for anti-government activities and demonstrations, or a total of 4,020, the party said.

The arrest rate for the so-called public security offenders has soared from 2.6 a day in March-December 1988 to 4.2 a day last year and 5.2 a day for the first 11 months of this year, the party said. It added the data were compiled in cooperation with social and religious groups, colleges and universities.

It said 1,351 of them remain behind bars, including 739 students, 276 workers, and 144 long-term prisoners of conscience.

Many of them are charged with violating several laws. Charges filed under the National Security Law took up the biggest share at 537, followed by the law on assemblies and demonstrations at 246, on firebombs at 271 and on violence at 219.

The law on firebombs was enacted on July 1 last year in a bid to control frequent, wild demonstrations. Under the law, anyone who causes injury or property damage with a firebomb can be sentenced to seven years in jail and fined up to 3 million won (4,195 U.S. dollars).

Detainees Accuse NSP of Torture

*SK2012010490 Seoul KOREA DAILY in English
20 Dec 90 p 2*

[Text] The arrested members of an underground pro-Communist ring called "Chamington" claimed recently that they had been severely tortured during interrogation sessions conducted by the Agency for National Security Planning [NSP].

Kim Han-chu, 30, a lawyer for Kim Yo-sop, 24, former leader of the Student Council at Hallym University, saw his client on Dec. 7 at Seoul Prison and said that the student was seriously beaten in the basement of the NSP office when he refused to divulge any information.

Yi Chong-yong, 29, Kim Han-chu's cousin, also said that Kim was seriously injured when the investigators put bars between his leg and spinal column and sat on it. Yi said that his cousin is still in pain due to the alleged torture.

Kim Myong-suk, 35, sister of Kim Ki-su, 24, a senior of Kyonghui University who was labeled a core member of the pro-Communist ring, said: "My brother wrote me that he was not allowed to sleep for two days right after he was taken to the agency on Nov. 4. Under such circumstances, they also made him take off his clothes and beat him all over the face and leg with a baton and a slipper."

The woman showed a letter describing the alleged torture that says; "The investigators threatened that I had to confess or they would maim me. They continuously slapped me on the face and hit my head."

Four other members of Chamingtong including Choe Won-kuk, 26, a graduate of Hanguk University of Foreign Studies, and Chon Sang-hyon, 24, a Chungang University student, who had been classified as leaders of the organization, also said through their lawyers that they had been cruelly treated during interrogation.

Meanwhile, family members of those arrested in connection with Chamingtong said that they may take legal action against the interrogators and plan to ask the court to preserve evidence of wounds caused by harsh treatment.

The NSP said earlier that Chamingtong is an anti-state organization seeking to overthrow the South Korean government through a Communist revolution based on North Korea's "Chuche" ideology and it had arrested 30 members of the organization so far.

Pyongyang To Close Soviet Press Agency Office

SK2012100990 Seoul Domestic Service in Korean
0900 GMT 20 Dec 90

[Text] (Moscow, NOVOSTI-YONHAP) NOVOSTI today reported that North Korea has decided to close the Pyongyang branch of the Soviet Union's NOVOSTI. An official of the North Korean Embassy in Moscow informed the head office of NOVOSTI of the decision to close its Pyongyang branch without giving a reason for it.

Ministry Announces Importation of North Potatoes

SK2012052290 Seoul YONHAP in English 0503 GMT
20 Dec 90

[Text] Seoul, Dec. 20 (YONHAP)—South Korea, in what is seen as a step to further facilitate trade between the two halves of the Korean peninsula, has recently imported 12,643 tons of potatoes from North Korea, the Agriculture, Forestry and Fisheries Ministry announced Thursday.

Marking the first introduction of farm products from North Korea, the state-run Agricultural-Fishery Marketing Corp. (AFMC) bought 10,143 tons, Poongyang Ltd. 1,000 tons and Greenbell Korea Inc. 1,500 tons with permission from the National Unification Board.

Mining and fishery products have been imported from North Korea in recent years. The ministry said the first shipment of 5,113 tons imported by AFMC arrived at the western port of Incheon on Nov. 15 and another 5,030 tons on Thursday. The AFMC potatoes left Nampo aboard a Panamanian-flag ship, which docked at the Chinese port of Dandong before arriving in Incheon, and the 2,500 tons bought by the private companies arrived in Pusan on Nov. 27 via Hong Kong, the ministry said.

South Korea had a poor potato crop this year, down 33 percent from 1989 at 423,000 tons. The price of the North Korean potatoes was about 230 won (32 U.S. cents) a kilogram. Buying the agricultural produce from North Korea, a senior government official said, reflects the southern government's hopes of opening inter-Korean trade while transcending political ideology between the two sides.

Poll Shows Many Think Reunification Possible

SK2012110390 Seoul KYONGHYANG SINMUN
in Korean 18 Dec 90 p 1

[Text] It has been revealed that approximately half of our country's people think that there is a possibility that South Korea will absorb North Korea, as West Germany did East Germany.

Coinciding with President No Tae-u's visit to the Soviet Union, an opinion survey on the reunification question was jointly conducted by KYONGHYANG SINMUN and the Contemporary Issue Research Institute among 1,500 persons throughout the country. Thus, on 18 December, this survey found that 50.3 percent of the respondents think that there is a possibility that South Korea might absorb North Korea as West Germany did East Germany; 39.9 percent think that there is no possibility for South Korea to absorb North Korea as West Germany did East Germany; and 9.8 percent said "I do not know."

As to the factors hindering reunification of the North and the South, 49.9 percent of the respondents pointed out the unitary ideological system of North Korea; 36.1 percent pointed out the different systems of the North and the South; 27.6 percent pointed out the North Korean strategy of communizing the Korean peninsula; and 27.3 percent point out the related interests of powerful countries surrounding our country. Accordingly, it is clearly revealed that the North Korean attitude should first be changed for reunification.

However, 20.8 percent of the respondents said that North Korea is changing for openness, restructuring, and improvement in North-South relations; and 57.3 percent said that North Korea is changing a little. Consequently, 78.1 percent of the respondents agreed that North Korea is changing its attitude.

Regarding the date of North-South reunification, 9.9 percent said that reunification will be possible within 5 years; 20.9 percent said it will be possible within 10 years; and 24.4 percent said it will be possible within 20 years. And, 36.8 percent pessimistically said that reunification will be realized in 20 years.

Regarding summit talks between President No Tae-u and President Kim Il-song, 58.9 percent responded positively that the sooner, the better; 32 percent said negatively that the time is not yet ripe for summit talks; and only 2.8 percent said that they should never meet each other.

Referring to the results of President No Tae-u's visit [to the Soviet Union] this time, 11.3 percent said that it will be extremely helpful to the reunification of the North and the South; and 60.3 percent said that it will be helpful to reunification. Thus, 72 percent out of the respondents positively evaluated his Soviet visit.

Along with this, 53 percent of the respondents support the northern policy of the Sixth Republic. And, 68.3 percent said the possibility for reunification in the Sixth Republic is higher than it was in the Fifth Republic. Consequently, it is revealed that northern policy is generally supported.

This opinion survey was conducted among 1,500 persons over 19 years of age, who were contacted randomly throughout the country. Researchers personally conducted the interviews between 3 and 9 December. The reliability degree of this survey is 95 percent, and margin of error is plus or minus 2.5 percent.

Church Group Confirms Rice Donations to North

*SK2012010990 Seoul KOREA DAILY in English
20 Dec 90 p 2*

[Text] A Christian church group in Seoul, sponsors of the "Rice of Love" campaign, yesterday confirmed Japanese press reports that about 800 tons of rice was donated to North Korea last July.

An official of the campaign headquarters, headed by Rev. Han Kyong-chik, said 10,000 straw bags of rice weighing about 800 tons were purchased with 830 million won (roughly 1.2 million dollars) raised in the church sponsored campaign to donate rice to North Korea.

He said the rice was re-packed into 20,000 40-kg bags, loaded into 47 containers, and secretly shipped from Pusan on July 3, last year.

The rice was re-loaded into a North Korean freighter in Hong Kong on July 20, which sailed into the North Korean port of Nampo on July 27, he said.

To make the shipment, the official said, the campaign headquarters asked a Korean Christian leader in the United States for assistance who, with the assistance of another Korean clergyman in Los Angeles, arranged contacts between the campaign headquarters and the North Korean Diamond International Trade Development Co.

The two sides met twice—once in Tokyo on May 31 and the other in Beijing on June 16—before they reached an agreement on the delivery of the rice.

The third and final meeting took place at the Hong Kong office of the Diamond Co. on the morning of June 29.

Six people from Seoul including the Rev. Yi Song-taek, vice president of the Federation of Korean Christian Churches, and two people from the North, Pak

Chong-kun, president of Diamond Trading Co., and Pak Kyong-yun, general manager of Diamond, attended the Hong Kong meeting.

The church official said the shipment of the rice was a gesture to reciprocate the North Korean donation of substantial quantities of rice, clothes and cement to South Korean flood victims in September 1984.

Premier Urges Cabinet Action on Soviet Relations

*SK2012095790 Seoul YONHAP in English 0923 GMT
20 Dec 90*

[Text] Seoul, Dec. 20 (YONHAP)—Prime Minister Kang Yong-hun instructed cabinet ministers Thursday to cooperate with each other so cooperation with the Soviet Union can be substantially accelerated on the basis of the momentum created by President No Tae-u's visit to Moscow last week.

Saying that the effort should focus on the areas of economy, science and technology, the premier called on related government agencies to map out follow-up plans for expanding Korea-Soviet cooperation.

He also stressed the need to coordinate private enterprises' trade with the Soviet Union, warning that unexpected problems might be generated by the difference of social system.

Local Elections Tentatively Set for 20 Mar

*SK2012013690 Seoul YONHAP in English 0054 GMT
20 Dec 90*

[Text] Seoul, Dec. 20 (YONHAP)—The government and its party have tentatively set the date for South Korea's first local parliamentary elections in three decades as March 20, a party source said Thursday.

The source said enforcement decrees for the local autonomy election law and other pertinent laws would be announced next week and that the elections would be held 86 days later as that is the least time required for preparations.

President No Tae-u, who is also president of the ruling Democratic Liberal Party (DLP), told DLP Executive Chairman Rep. Kim Yong-sam before a dinner at his official residence for DLP lawmakers on Wednesday that the elections should be held at the earliest possible date after thorough preparations.

"The elections should not mar economic and social stability in any way," No was quoted as saying.

The government and ruling party have not yet made up their minds whether elections for special city and provincial assemblies should be held simultaneously with elections for city, county and district councils.

"The majority of DLP lawmakers say the elections should be held at all levels as the opposition calls for, but some argue that the elections should be held separately.

If the elections are conducted simultaneously, it is highly likely that the elections at ordinary city, county and district levels will be influenced by the party," the source said.

Political parties are allowed to put up candidates for the bigger special city and provincial assemblies but not for the smaller ordinary city, county and district councils.

The source said the DLP had promised the Party for Peace and Democracy [PPD] that it would try to conduct the elections at the same time. "If simultaneous elections are decided for all the assemblies, the enforcement decree for the local autonomy election law will be written to prevent party influence in the smaller unit elections," the source said. The DLP and PPD have agreed to split a "tong," the smallest administrative unit in Korea, into two or more constituencies if its population exceeds 20,000 people.

Official Fears Student Unrest During Elections

SK2012035090 Seoul YONHAP in English 0314 GMT
20 Dec 90

[Text] Seoul, Dec. 20 (YONHAP)—South Korean Education Minister Chong Won-sik voiced a concern Wednesday that student activists might take part in local elections in support of specific parties or candidates when they are held in the first half of next year.

Chong also said although campus disturbances are decreasing, the possibility cannot be ruled out that student activists may devote themselves to creating an anti-American and pro-Pyongyang mood while advocating unilateral inter-Korean exchange because of the mood of inter-Korean dialogue in recent days. He made the remarks to a group of university presidents, entrepreneurs and civic leaders.

Concerning the Uruguay Round negotiations, Chong said, they are expected to agitate farmers to wage anti-government and anti-American demonstrations in collaboration with dissidents.

Chong also expressed concern at the possibility that radical student might incite students to take part in anti-government demonstrations by using issues directly linked to their interests such as tuition fee hikes and campus welfare. "In order to secure campus stability, the education ministry will positively back various kinds of healthy extracurricular activities when the new semester begins and seek exchanges of students and professors between South and North Korea while broadening opportunities for students to tour socialist countries," he said.

Chief Justice Stresses Independence of Judiciary

SK2012065790 Seoul YONHAP in English 0607 GMT
20 Dec 90

[Text] Seoul, Dec. 20 (YONHAP)—New Chief Justice Kim Tok-chu said at his swearing-in ceremony Thursday

that South Korea's judiciary should become independent "not only from political power but from all classes, professions and groups."

"The judiciary should be unwavering in its independence and neutrality. Rulings should not be influenced by a judge's weakness, outside criticism or biased opinions of individuals," he said. "Judicial independence does not simply mean independence from political power. In an era as diversified as now, it also means independence from classes, professions and all kinds of groups." He said he would devote himself to eliminating barriers that hinder independence of the judiciary and the rule of law.

Kim's appointment by President No Tae-u was controversial and he has been accused of being a pawn of political kingmakers ever since the government of former President Chon Tu-hwan.

He told a gathering of the nation's chiefs of court that he would deal sternly with organized crime and violence because they do direct harm to the public. He also said he would be intolerant of contempt of court. Kim said public interests were the basis of individual rights.

"The judiciary should positively carry out its mission of guaranteeing state activities and maintaining order in the public interest, and should materialize the ideal of law, which is to realize justice," he said. On the judges and prosecutors who caused a scandal by dining with the leaders of organized crime, Kim said, "we have to show the people that the judiciary is still healthy by not repeating that kind of incident."

Kim, 57, joined the Supreme Court in 1988. In 1980, as deputy director of court administration, Kim was a leading player in the controversial "clean-up" of the judiciary by a group of military officers that included Chon Tu-hwan. Kim recently put himself in the center of public controversy by granting bail to Yi Chang-sok, Chon's brother-in-law, and returning his conviction on embezzlement and tax evasion charges to the appellate court for review.

Seoul Seeks To Restore \$30 Million for Defense

SK2012013590 Seoul THE KOREA HERALD
in English 20 Dec 90 pp 1, 2

[Excerpt] The government will seek to restore the slashed \$30 million earmarked to pay the labor cost of Koreans working for U.S. military units in the country, government officials said yesterday. They said Korea and the United States have almost finished work on revising the Status of Forces and Agreement (SOFA), and will ask for parliamentary approval in the next National Assembly session due to convene late January.

The administration plans to include \$30 million in an additional budget plan in the fall of next year, the officials said. One Economic Planning Board official said yesterday that it seems the Assembly cut only \$30

million of the \$50 million requested by the administration, as the SOFA will "soon" be revised to allow the Korean side to pay the salaries of Korean employees of the U.S. armed forces.

"The parliamentary action also reflects the traditional ties between Korea and the United States," said the ranking official who spoke on the condition of anonymity.

Opposition lawmakers on the Budget Settlement Committee said they voted against the motion to slash only \$30 million. "Our party lawmakers voted against the partial reduction," said Rep. Yi Sang-su of the PPD [Party for Peace and Democracy] in a telephone interview. The opposition Party for Peace and Democracy claimed that paying the salaries of Korean workers would violate the Constitution and SOFA. There are roughly 43,000 U.S. troops in Korea. [passage omitted]

Amendment to Military Service Regulation Adopted

SK2012095390 Seoul YONHAP in English 0722 GMT
20 Dec 90

[Text] Seoul, Dec. 20 (YONHAP)—An amendment to the military service regulations, adopted by the cabinet on Thursday, seeks to guarantee the political neutrality of the armed services and protect individual rights by specifically prohibiting cruel disciplinary acts, such as physical or verbal abuse of a soldier.

Service members are given the right to ignore orders that are unrelated to their duties or contradict military laws.

Current regulations broadly state that a soldier "must maintain political neutrality," but neglect to go into detail. The proposed changes state explicitly that military personnel are banned from joining political parties or organizations, from expressing a political opinion or from acting in support or opposition to political entities.

They also make it illegal to support a candidate for political office or to do any act that might influence the outcome of an election.

A new regulation was adopted to encourage service members to request solutions directly to their superiors when they are in distress or unduly oppressed by others, officials said.

The revision increases the service period for ROTC (Reserve Officers' Training Corps) from 27 months to 28 months and allow army hospitals, on condition that military duties are not affected, to treat civilians, officials said.

North, South Scientists To Meet in Apr

SK1812101590 Seoul THE KOREA ECONOMIC
JOURNAL in English 17 Dec 90 p 25

[Text] North and South Korean scientists and engineers will hold a meeting in Japan or third country next April to discuss scientific and technological exchange between the two divided parts of Korea.

The Council for the Promotion of Scientific and Technological Exchange between North and South Korea is approaching scientific and technological organizations of North Korea through Korean scientists and engineers in Japan, China and the Soviet Union for the meeting, sources close to the council said.

Although North Korea has not yet shown any official response to the initiative, North Korean scientists who attended the international physics meeting held in China July and the Third World science meeting held in Venezuela in October have shown a positive response, the sources said.

The council also plans to set up an inter-Korean scientific and technological cooperation committee. There are lots of areas in which North and South Korean scientists and engineers can cooperate, such as mining, farm machinery, fertilizers, pesticides and electronics industries, they added.

Government Considers Trade Office in Vietnam

SK1812105690 Seoul THE KOREA ECONOMIC
JOURNAL in English 17 Dec 90 p 11

[Text] Economic cooperation between Korea and Vietnam will be brisk, and the government is likely to ease economic sanctions against Vietnam soon, industry sources predict.

Vietnam recently announced a long-term economic development plan for the 1990s. The project calls for doubling the nation's GNP by 2000; increasing rice production by 50 percent; curbing inflation; boosting exports; and increasing electric power facilities.

Officials at the Korea Trade Promotion Corporation (KOTRA) said that their organization will dispatch a trade mission to Vietnam to conduct feasibility studies on projects proposed by Vietnam.

The government, which has followed the United States in its economic policies toward Vietnam, is expected to lift many of the current restrictions toward Vietnam.

Korean companies, eager to do business with Vietnam, also plan to send a mission to negotiate trade, investment and jointventure projects.

The government is considering establishing a trade office in Vietnam.

The International Private Economic Council of Korea (IPECK) dispatched a trade mission to Vietnam on Dec. 10 made up of representatives of 12 Korean general trading companies. The mission is in response to a request by the Vietnamese Chamber of Commerce and Industry.

Companies Advance Into Vietnamese Markets

SK1812100490 Seoul THE KOREA ECONOMIC JOURNAL in English 17 Dec 90 p 19

[Text] Five Korean enterprises, including Hyundai and Lucky-Goldstar, are actively going ahead with plans to advance into Vietnam markets, as they have won approvals from the government to establish branch offices in that country.

According to the government authorities and industry sources, the Ministry of Trade and Industry on Nov. 7 allowed four general trading companies, Hyundai Corp., Daewoo, Lucky-Goldstar International and Sunkyoung, to establish their branch offices in Vietnam. Kolon International also won an approval from the government on Nov. 28.

As relations between the U.S. and Vietnam improve, the Korean government plans to allow investments by domestic enterprises in Vietnam earlier next year. Kolon is now actively promoting construction of a plant to produce polypropylene woven bags in Vietnam with a total investment of \$4 million. Daewoo is examining a plan to build an auto assembly plant in that country. The company also plans to advance into the Vietnamese construction market. Lucky-Goldstar plans to build a hotel, a cement plant and a TV manufacturing plant in Vietnam, while supplementing employees at its branch office.

Hyundai will build a jointventure plant in Vietnam with a total investment of \$38 million. The plant will produce tapioca, a raw material for making "soju." Sunkyoung plans to build a steel processing plant, while Samsung Co. is seeking a joint venture to build a fertilizer plant.

Yukong Consortium Discovers Oil in Egypt

SK1812101390 Seoul THE KOREA ECONOMIC JOURNAL in English 17 Dec 90 p 16

[Text] Yukong Limited, one of the largest oil refiners in Korea, has discovered a huge oil reserve in the North Za'faranah mining block of Egypt, it was learned at the Energy-Resources Ministry. As a member of a three-party consortium, Yukong is now conducting a drill stem test (DST), and the exact volume of oil deposits will be made known around the middle of this month, sources at the ministry said.

This will be Yukong's fourth successful overseas oil development project after Napo Basin in Ecuador, West Madura in Indonesia and Marib in North Yemen. Yukong has a 25-percent stake in the three-party consortium which is participating in oil prospecting in the North Za'faranah mining block, under concessional rights signed with the state-run Egypt Petroleum Corp. (EGPC) of Egypt, the sources said.

The other two foreign partners in the consortium are British Gas (50-percent stake) of Britain and Union Pacific Petroleum Suez (25-percent stake) of the United States, the sources added.

Ministry To Exempt Skilled Workers From Draft

SK1612040990 Seoul THE KOREA TIMES in English 16 Dec 90 p 3

[Excerpts] Skilled workers employed for over five years at small- and medium-sized companies will be exempted from mandatory military service from 1993, the Labor Ministry said yesterday.

The plan which is still under negotiation with other government branches concerned was included in the ministry's program to alleviate the chronic shortage of skilled workers which emerged as an important social issue. Military service favors have been so far granted to those working at the defense industry and other key industries.

The ministry extended the favor to skilled technicians who have worked for over five years for companies hiring less than 300. Besides military service favors, skilled employees working for small companies will be given other benefits in pensions, housing and loans. [passage omitted]

Meanwhile, the ministry approved a 18.8-percent increase in the minimum wage for next year, which will go into effect from Jan. 1. Although business groups called for a moderate increase of 12.3 percent, the ministry accepted the recommendation of its minimum wage deliberation commission. [passage omitted]

Five major economic organizations including the Korean Chamber of Commerce and Industry, the Korea Trade Promotion Corp. and Federation of Korean Industries had demanded a moderate increase, contending that an increase in labor costs in labor-intensive industries such as textiles and shoes will weaken the nation's trade competitiveness.

Government To 'Tolerate' Foreign Workers

SK1812110390 Seoul THE KOREA ECONOMIC JOURNAL in English 17 Dec 90 p 1

[Text] The government will tolerate the import of unskilled foreign workers by manufacturing and construction industries as these industries are experiencing severe labor shortages, government sources said.

This will pave the way for Southeast Asians and Korean-Chinese who visit Korea on a tourist or training visa to land a job in the country. On the other hand, the decision will invite the labor union's strong opposition.

The government now strictly bans the import of unskilled foreign workers.

The sources said that the Labor and Justice ministries have come to recognize the need of importing foreign

workers on a selective basis in view of the ever-deteriorating labor shortages in the manufacturing and construction industries.

Japan now tolerates industries importing foreign workers by overlooking the employment of foreign workers invited to visit Japan on a training or tourist visa. This has set an example for the Korean government's new approach to the import of foreign workers, the sources said.

Steel Exports to Japan in Decline

SK1712042190 Seoul YONHAP in English 0246 GMT 17 Dec 90

[Text] Seoul, Dec. 17 (YONHAP)—South Korean steel exports to Japan are down, with some encouraging exceptions in colored or zinc-coated steel sheet and high value-added items.

A steel industry source said Monday that 63,000 tons of colored steel sheet were shipped to Japan in January-October, a 21-fold jump from the same 10-month period last year. Zinc-coated sheet, used in automobile production, reached 149,000 tons, up 7.4 percent, while special steel exports amounted to 9,300 tons, up 10.2 percent.

Steel exports seem centering on high value-added products, the source said.

Overall steel exports to Japan were 2.38 million tons, off 10.9 percent. Exports of tin-coated sheet fell 22 percent, hot-rolled sheet 8.6 percent, cold-rolled sheet 4.1 percent and medium and heavy plate 0.2 percent, the source said.

'Tie-up Contract' for Satellite Launch Signed

SK1812094890 Seoul THE KOREA ECONOMIC JOURNAL in English 17 Dec 90 p 12

[Text] Daewoo Corporation, the trading arm of the Daewoo Business Group, signed a technical tie-up contract with British Aerospace of Britain in a bid to participate in the launching of a broadcast satellite now being promoted by the Korea Telecommunication Authority (KTA).

According to the technical tie-up contract, Daewoo will receive from the British partner all technical know-how about the manufacturing technique and management of broadcast satellite, company sources said.

The British partner, with its market share of more than 60 percent in Europe, has reportedly produced and launched some 20 broadcast satellites jointly with Matra Space of France, the sources said.

Auto Part Factory Planned for PRC

SK1812102690 Seoul THE KOREA ECONOMIC JOURNAL in English 17 Dec 90 p 17

[Text] Tongil Co. will set up a plant to turn out auto components and machine tools in Shandong Province, China, company sources said.

For this purpose, the Korean auto parts company already has gained investment approval both from the Chinese government and the Bank of Korea.

Construction of the plant, which will be built on a site of 15,000 square meters in an economic development area in Qingdao, will start in March 1991 and should be completed by year-end.

Some 50,000 transmission gears will be produced annually from 1992. Tongil plans to supply 30 percent of the production to China and the rest will be exported to the U.S. and Europe, as well as Korea.

Furthermore, advanced machine tools such as numerically controlled (NC) lathes, milling machines and machining centers will be added to the Chinese plant's production list.

U.S. Urges More Foreign Participation in Markets

SK1812012790 Seoul YONHAP in English 0046 GMT 18 Dec 90

[Text] Seoul, Dec. 18 (YONHAP)—U.S. trade officials on Monday urged South Korea to allow foreign participation in the retailing of cars, cosmetics, books and garments next year.

On the first day of the Korea-U.S. trade consultations, they also charged that an austerity drive being waged by consumer groups in Korea was curbing imports and distorting trade.

Korean officials said their government was considering U.S. requests regarding the establishment of an in-flight catering firm by Marriot, improvement of the simultaneous buying and selling of beef, and simplification of quarantine procedures for American pecan nuts.

The Korean side to the two-day talks is led by Kim Sam-hun, director-general for international trade of the Foreign Ministry, and the U.S. side by Nancy Adams, assistant deputy U.S. trade representative. The U.S. officials were told that the frugality campaign was not aimed at curbing imports but at fighting overconsumption. The U.S. side asked if Korea plans to join the agreement on government procurement under the General Agreement on Tariffs and Trade (GATT), and if so when.

The Korean side said a schedule for opening the distribution industry would be announced during the first quarter of 1991 and called on the U.S. Government to stop abusing the anti-dumping code and to relax customs procedures for Korean commodities. This is the first

session of Korea-U.S. trade consultations since the GATT-sponsored Uruguay Round failed early this month.

Prices Raise Shipbuilding Equipment Exports

SK1712042290 Seoul YONHAP in English 0240 GMT
17 Dec 90

[Text] Seoul, Dec. 17 (YONHAP)—South Korean exports of shipbuilding equipment are brisk thanks to an international shipping boom and purchases by Japan, the Korea Marine Equipment Association said Monday.

Korea's 400-odd manufacturers exported nearly 108.6 million U.S. dollars of equipment in January-October, up 14.7 percent from 1989.

Export growth was primarily attributed to the strong Japanese yen, which made foreign shipbuilders shift from Japan to Korea to buy equipment at moderate prices.

Even shipbuilding powerhouse Japan imported Korean equipment to get a competitive edge in the international market as domestic prices skyrocketed, the association said.

Shipbuilding Industry Hurt by Gulf Crisis

SK1812104190 Seoul THE KOREA ECONOMIC
JOURNAL in English 17 Dec 90 p 14

[Text] The Persian Gulf crisis has hurt Korea's shipbuilding industry, as the country's four major shipyards have not received even a single foreign shipbuilding order since September, one month after Iraq invaded Kuwait, industry sources said.

The industry's shipbuilding orders totaled 7.78 million gross tons, including those under construction, at the end of November, down 1.54 million tons from the record high of 9.32 million gross tons recorded at the end of May. The new orders waiting for building work rose only 520,000 tons for 8 ships from 4.37 million tons for 67 ships in May to 4.89 million tons for 75 ships in November.

As this slow arrival of orders is expected to continue until next June, the country's shipyards will have to begin operating at below capacity from the middle of 1992 because their annual building capacity stands at 4 million tons, the sources said.

In November, only two of the country's four major shipbuilders, Hyundai Heavy Industries and Hanjin Heavy Industries received new orders for building a coal carrier and four container carriers totaling 278,000 tons from Korean shipping firms.

*** Industries' Plan for Trading With DPRK Noted**

912C0031 Seoul WOLGAN CHOSON in Korean
No 11 Nov 90 pp 320-331

[Article by reporter Yi Son-man: "Strategies of South Korean Firms for Starting Business With North Korea"]

[Text] 7 July Proclamation Marks Epochal Turning Point

As we watched the television screen presenting the ceremony marking German reunification on 3 October, we had mixed emotions because the reunification of Germany, a country which, like Korea, was divided simultaneously with the end of World War II in 1945, now leaves Korea as the only divided nation in the world.

There are many factors responsible for the early reunification of Germany despite the contrary expectations. But certainly, cooperative relations between the two Germanys, including their economic exchange which exceeded \$10 billion in volume a year, was the first and foremost factor behind the reunification.

The scope of inter-German trade continued to expand after it began in 1952 reaching, in the West German case, 7.4 billion Deutsche mark in export and 7.1 billion Deutsche mark in import in 1987. In addition, West Germany provided East Germany with credits amounting to billions of mark on a number of occasions. This kind of economic exchange has contributed to eliminating the feelings of estrangement between the two Germanys and hastening reunification.

In the efforts to reunify the two Koreas also, the importance of economic exchange must be stressed as of the first importance. Nevertheless, in reality, inter-Korean economic exchange still remains in a nascent state.

The "7 July Proclamation" in 1988 marked an epochal turning point for inter-Korean economic exchange. This proclamation marked the point of departure for the policy of reconciliation with North Korea which our government began to actively push forward following the inauguration of the Sixth Republic. The proclamation consists of six points, and the third point states that "for the purpose of promoting trade and access between the North and the South, we will regard inter-Korean trade as interchange within our nation."

Subsequently, on 7 October 1988, our government announced "measures for managing trade with North Korea" in order to back up the economic provisions in the "7 July Proclamation" in concrete terms. The substance of the measures includes: 1) permitting private firms to carry on trade with North Korea; 2) permitting private firms to carry on transit trade with North Korea; 3) permitting the use of North Korean certificates of origin and trade marks; 4) exempting goods traded directly or indirectly from customs duties; 5) permitting contacts and visit exchanges between North and South Korean businessmen; 6) permitting merchant ships of North Korean registry to enter South Korean ports. Even

before the 7 July Proclamation, there were some moves relating to economic exchanges between North and South Korea. South Korea took every opportunity to propose economic exchanges with North Korea and to offer to provide technologies and goods. In September 1984, 50,000 sok [1 sok is equivalent to 5.12 U.S. bushels] of rice and 100,000 tons of cement were shipped to South Korea from North Korea as relief goods for flood victims.

In the following month, that is, October 1984, the South Korean Government proposed "inter-Korean economic talks" to North Korea. North Korea accepted this proposal, and North-South economic talks were held with vice ministerial level officials from both sides heading their delegations. However, there was no progress in the economic talks, which were held on five occasions between November 1984 and November 1985 because the two sides merely rehashed their positions. The talks were suspended when the North Korean side boycotted the sixth round of talks scheduled for January 1986 in protest against "Operation Team Spirit," a ROK-U.S. joint exercise.

There were some exchanges of goods between the two Koreas. Early on, in late 1978, 10,000 tons of North Korean coal arrived in South Korea in the form of transit trade through a British firm. There was further similar intermediate trade between the two Koreas.

It is clear, however, that the "7 July Proclamation" and the "7 October measure" provided momentum for accelerating the import of North Korean goods by our firms, which had been intermittently carried out before. Following the announcement of the "7 October measure," the number of applications for permits to bring in North Korean goods increased markedly, and moves in the concerned departments of business firms became active.

Two-Year Trade Volume Reaches \$35 Million

Since the "7 October measure" was announced, the volume of two-way trade between the North and the South reported to the government, as of the end of July 1990, totalled \$32.53 million. Of this, imports from North Korea totalled \$32,373,000 in 101 deals, whereas exports to North Korea amounted to only \$162,000 in three deals. The volume of goods brought in was overwhelmingly greater than that of exports. (See Table 1)

By items, raw materials such as steel, zinc, anthracite coal, electrolytic copper, cement, and primary products such as silk thread and fishery products made up the bulk of imports, whereas the main export items were cigarette filters and jackets. (See Table 2)

As to the import items, in the early stage, folk craft articles, ceramics, and other North Korean specialties were popular. The record shows, however, that the preference gradually shifted to mining, agricultural, and fishery products.

All the exchanges of goods conducted between the two Koreas until now have been in the form of indirect trade. In other words, deals were made through traders in third countries as intermediaries.

Traders who serve as middlemen in indirect trade between North and South Korea are mainly those traders in Hong Kong and Singapore who have trading ties with North Korea. They receive orders from South Korean firms and purchase the ordered goods from North Korea for delivery to South Korean firms. They also purchase South Korean goods and sell them to North Korea.

Therefore, strictly speaking, there is not trade between North and South Korea yet in the true sense of the word. Nevertheless, we do not purchase North Korean goods in overseas markets. Instead we designate specific items and import them in a planned manner. In this sense, this type of intermediate trade may be considered as one form of economic exchange.

There have been "events" which may be recorded as some progress in inter-Korea economic exchange, although they were in the forms of indirect trade.

One of them was the case of a ship which arrived at a South Korean port straight from North Korea, not passing through a third country. In February 1989, a merchant ship of Panamanian registry carrying 20,000 tons of North Korean anthracite coal ordered by Hyosung Corporation entered Incheon Port by sailing through international waters in the West Sea, 17 days after it left Nampo Port in North Korea.

This direct navigation, although prompted by the efforts on the part of the intermediary merchant to cut the shipping cost, marked a departure from the previous form of trade, namely indirect trade via third countries.

Another event was a contact with North Korea by a Korean overseas subsidiary. On 20 May 1989, Modern Pol [name as published], a Hong Kong subsidiary of Kolon International Corporation, signed a contract using a Korean-American as a middleman to purchase \$160,000 worth of ceramics, handicraft articles, ginseng wine, and other goods from North Korea, and opened an L/C [letter of credit] with Taesong Bank, a North Korean bank. When North Korean freighters arrived in Hong Kong carrying these goods, Kolon company officials boarded the ships to confirm the goods.

Another event was the emergence of a form of compensation trade—the pattern in which two sides exchange necessary goods—although it was not a perfect form.

In January 1989, Hyundai Corporation signed a contract with North Korea through a Japanese trade firm, Seiho, to import North Korean fishery products and export South Korean winter jackets. Under the contract, the South Korean company imported 10 tons of frozen Alaska pollack, 20 tons of yellow pollack [hwangtae], 10

tons of salted pollack roe, and other North Korean fishery products, totalling \$111,520 in value. At the same time, it exported 5,000 jackets worth \$68,000 in total. This deal was not compensation trade because each party paid for the whole amount of imported goods instead of paying only the difference between the prices

of goods exchanged. But it was the first instance in which North and South Korea exchanged goods directly.

However, despite this progress, indirect trade between the North and the South has been moving horizontally. As is evident from Table 1, the same pace of trade has been maintained without any visible growth.

Table 1, Current State of Inter-Korean Indirect Trade

	Period	Amount in Thousands of Dollars	Number of Deals	Number of Items	Number of Firms
Imports Approved	Oct-Dec 88	1,037	4	16	4
	Jan-Dec 89	22,235	57	53	47
	Jan-Jul 90	9,101	40	56	32
	Total	32,373	101	125	83
Exports Approved	Feb 89	69	1	1	1
	Jan 90	83	1	1	1
	Mar 90	10	1	1	1
	Total	162	3	3	3
Grand Total Oct 88-Jul 90		32,535	104	128	86

Table 2, Imported Items

Items	Amount (in thousands of dollars)	Percentage (%)
Iron & Steel Materials	8,415	26.1
Zinc Ingot	8,495	26.2
Anthracite Coal	2,940	9.1
Electrolytic Copper	2,550	7.9
Medicinal Herbs	1,823	5.6
Raw Silk	1,479	4.6
Fishery Products	1,370	4.2
Feldspar	655	2.1
Cement	1,829	5.6
Nickel/Lead Ingot	727	2.2
Bracken	631	1.9
Ginseng Products	512	1.6
Others	947	2.9
Total	32,373	100

Exported Items

Items	Amount (in thousands of dollars)
Cigarette Filters	83
Jackets	69
Sugar	10
Total	162

North Korea Denies Even Indirect Trade

The first and foremost reason for the lackluster status quo of inter-Korean indirect trade is the rigid attitude of North Korea. North Korea still denies the fact of indirect trade between North and South Korea, and when any

indirect trade is uncovered, it takes such drastic measures as terminating further dealings with the intermediate trader involved.

On 12 January 1989, at a time when South Korean firms became active in making transactions with North Korea, North Korea issued a statement in the name of the Committee for the Peaceful Reunification of the Fatherland claiming that "there has been no economic exchange whatsoever between North and South Korea, and North Korea has never sold coal or fishery products to South Korea." The statement declared that "the South Korean reports that trade between North and South has been initiated is a vicious lie and a piece of false propaganda."

This attitude of North Korea, which officially denies any economic exchange between North and South Korea, remains unchanged. Because of this rigidity of the North Korean attitude, commercial deals often collapse.

Ssanyong's plan to import 120,000 tons of cement from North Korea via the direct Nampo-Yosu route in May 1990 went up in smoke when it was given wide publicity by the South Korean press. After only the first shipment of 5,700 tons arrived in Yosu Port, further shipments were cancelled because of North Korea's refusal to deliver.

Samsung Corporation's similar deal to import 3,000 tons of Alaska pollack from North Korea in July 1990 met the same fate. When press media reported the fact that the company had obtained an import permit for this deal, North Korea pressed the intermediary hard to reveal the final destination of the shipment. Although he gave a plausible explanation, North Korea refused to load the goods.

Another reason for the absence of any sizable increase in the amount of North Korean goods imported by our firms lies in the low profitability of North Korean goods. Kang Il-sik, chief of Group I in Samsung Corporation in charge of trade with North Korea, gave this explanation:

"In the past a number of firms vied to import North Korean commodities. But, when we evaluate the past records, we feel that North Korean products were not very good in terms of marketability and profitability. There are a number of reasons for that. First, we are so ignorant about North Korea that we do not know what goods are competitive and in what quantity they are available. Second, the goods we import are brought in by way of indirect trade through middlemen, and as a result, only the intermediaries make profits, with no benefit accruing to our firms despite the exemption from customs duties."

Another factor obstructing the import of North Korean goods is the opposition of our domestic producers. Inasmuch as the main imports these days are primary products such as farm and fishery products and ores, our farmers and mining companies put up quite strong opposition to importing these goods fearing that the import may depress the prices of similar goods produced in South Korea. For this reason, our government limited the quantity of goods imported from North Korea on some items.

Waning Popularity for Exhibitions of North Korean Products

North Korean imports, local specialties and other goods except raw materials, were made available for public scrutiny at commodity exhibitions on several occasions. Beginning with the "North Korean Commodity Exhibition" held by Hyundai Corporations at the main Hyundai Department in Apkujongdong, Seoul, in May 1989, several North Korean commodity exhibitions were held subsequently—at Midopa Department in Myongdong, Seoul, sponsored by Kolon International Corporation in November 1989, at Lotte Department in Chamsil, Seoul, by Korea Trading International, Ltd. in April 1990, at Building 63 Shopping Center by Kolon International Corporation.

At the beginning, North Korean goods sold very well because of curiosity about North Korean products and the nostalgia of the refugees for their hometowns. But when people discovered that North Korean goods were not up to their standards, the initial popularity soon waned. For this reason, the "Permanent North Korean commodity counter" installed at Building 63 Shopping Center was removed one and one-half months later.

As pointed out earlier, indirect trade through third-country traders have these shortcomings: uncertainty about the quality, prices, and delivery date of goods; difficulty in locating profitable goods; the likelihood of benefiting only the middlemen.

Therefore, it is a consensus of people involved in trading with North Korea that in order for the level of inter-Korean economic exchange to be raised one notch higher, it is now necessary to search for a new direction. Kim Chae-kyong, director of Daewoo Corporation (joint-stock company), said as follows: "There is a limit to indirect trade via Hong Kong and Singapore. We have reached the stage where we should carry out direct trade. If it is hard to realize direct trade now, we should find some other form of exchange as an intermediate stage."

Attention Focused on Border Trade

Many people have pointed out that in trade between North and South Korea, direct trade is desirable, and that the most ideal form of direct trade is compensation trade in which each party exchanges the goods it desires with the other. This is based on the fact that major exportable goods of the two sides are complementary in meeting each other's needs. For instance, South Korea mainly exports consumer goods and imports raw materials, and North Korea does vice versa.

According to the government's calculation, when direct trade is realized, South Korea will be able to import \$1.7 billion worth of various raw materials a year from North Korea.

However, under present circumstances, it can hardly be expected to realize indirect trade unless some political decision is made. That is why the business community is currently examining the possibility of introducing border trade between North and South Korea as the second best option, the same type of trade being carried out at borders between North Korea and China and borders between North Korea and the Soviet Union.

Currently, active barter trade is being carried out in Tumen, a border town between China and North Korea, and in Huichun, a border town in the Soviet Union and North Korea. One of the characteristics of this kind of border trade is that there are no set prices on goods exchanged. Instead, deals are struck when the needs of one side fit with those of the other. For this reason, many merchants are interested in the border trade form.

To cite an example, reportedly one truckload of Soviet fertilizer was exchanged for one truckload of North Korean watermelons.

What South Korean merchants want is to participate in these border transactions so that they can supply the goods the Soviet Union and China want and at the same time, import the goods we need. It is expected that this method will be far more advantageous than the current indirect trade form because we can actually examine North Korean goods and assess their quality before determining to buy a desired quantity.

The Korea Trade Promotion Corporation (KOTRA) sent a survey team to a northeastern part of China in June to study the feasibility of participating in border trade. A KOTRA official who was a member of this

survey team said that "in my judgment, if we make the right choice of the goods we want to barter, we will have a better opportunity to participate in the barter and make profits."

It has been learned that some of our firms have begun to bring in goods from the border trade firms in China's three northeastern provinces.

The two key components of economic exchange are exchange of goods and economic cooperation. Exchange of goods, as mentioned earlier, means direct and indirect trade, whereas economic cooperation refers to investment, joint ventures, and so forth.

Generally, it is understood that exchanges between the two parts of a divided country pass through these stages: indirect trade to direct trade to joint investment/venture to economic integration. Seen from this point of view, it may be premature to speak of joint ventures and investments between North and South Korea at this juncture when they have not yet reached the stage of direct trade.

Nevertheless, some are of the opinion that judging from the attitude of North Korea, there is a greater possibility of making joint investment and ventures than exchanging goods. This opinion is based on the fact that during the inter-Korean economic talks in 1984 and 1985, South Korea put emphasis on the need for exchange of goods whereas North Korea stressed the need for joint ventures.

North Korean Labor Most Attractive In his research paper entitled "The Real State of the North Korean Economy—the Potential for Inter-Korean Economic Exchange and Pertinent Measures That Need To Be Taken," published by the Korea Chamber of Commerce and Industry in May 1990, Chong Sok-yong, Yonsei University professor (of economics) pointed out the following:

"As it became apparent in the course of the past Inter-Korean economic talks, it is more realistic to expect that economic exchange and cooperation between North and South Korea will take place simultaneously in various fields. It may nevertheless be easier to push cooperative projects than to promote exchange of goods. Joint business ventures can be extensive in scope and their prospective can be bright."

Professor Chong pointed out the following fields in which economic cooperation is possible:

- Jointly developing natural resources, with the South providing equipment and the North supplying labor and exporting the products to South Korea or third countries.
- Establishing fishing zones to catch fish and process marine products as a joint venture.
- Jointly developing tourism resource and opening North Korea to domestic and foreign tourists, thereby earning foreign exchange.

—Jointly utilizing air routes, railways, and highways so that both sides may increase exports, with the South exporting to communist countries and the North to Western countries.

—Combining South Korea's capital with North Korea's manpower and jointly operating labor-intensive light industry factories.

—Operating North-South joint ventures in the Soviet Union, the Middle East, and other areas.

With regard to these possibilities, South Korean firms are most interested in the question of how to best utilize North Korea's cheap but excellent labor. So Sung-hwa, chief of the marketing department of Hyosung Corporation said as follows in this regard:

"Currently, with the advent of an era of high wages, our firms are building factories in Southeast Asia and other areas where labor is relatively cheap. But, if we can utilize North Korean workers, it would give us far greater advantages than we would gain by operating in Southeast Asian countries, because of the geographic propinquity between North and South Korea and the same spoken language."

As far as current inter-Korean economic cooperation is concerned, the Hyundai group is virtually the only business entity in South Korea which is producing tangible results. As is widely known, these results stem from the visit to North Korea by Hyundai Honorary Chairman Chong Chu-yong in late January 1989.

During his stay in North Korea, Chong Chu-yong agreed with Choe Su-kil, chief director of Taesong Bank, the other party, to jointly develop Mt. Kumgang, to make a joint investment in Wonsan Shipyard and the Rolling Stock Manufactory, and to jointly develop gas, salt, and coke. The two signed a protocol to formalize their agreement. One senior official who accompanied Chong stated his impression of Choe Su-kil in these words: "Before visiting North Korea, I had never heard of his name. But, judging from his performance in the course of our contact with him, I would say he must be playing a considerably important role in the economic field." Chong Chun-yong's visit to North Korea inflamed the ardor of South Korean firms to promote direct deals with North Korea by breaking out of the past practice of cautiously clinging to indirect trade with North Korea. In particular, large firms began to actively sound out North Korea through various channels on the possibility of economic cooperation.

However, the seemingly imminent prospect for advancement of South Korean business firms into North Korea began to wither away rapidly when the "security issues-dominated political situation" become dominant in the wake of the secret visit to North Korea by Rev Mun Ik-hwan in March 1989. The schedule of a fact-finding mission of the Hyundai group to visit North Korea from April through May in 1989 was postponed indefinitely.

and other firms also were compelled to shelve their plans for economic cooperation with North Korea for the time being.

Promises Are Not Dead, Hyundai Claims

Hyundai became unable to contact North Korea because it failed to get permission from the government due to the deterioration of inter-Korean relations. But, beginning in early 1990, there were signs that tensions between North and South Korea were relaxing slightly. Hyundai seized this opportunity to successfully obtain government permission to ship bulldozers and other kinds of construction equipment to North Korea in June. This shipment was intended as the "gift" which during his stay in North Korea, Chong Chu-yon had promised to deliver.

However, while the cargo of these pieces of construction equipment was in the custody of a bonded warehouse in Japan, Japanese newspaper ASAHI SHIMBUN, reporting on this fact, used the expression "free grant." Learning of this report, North Korea made it clear that it would refuse to accept the construction equipment offered as a "free grant," declaring that "all the promises made with Chong Chu-yong are dead."

After staying in Nampo Port for several days due to North Korea's refusal to pick it up, the cargo of construction equipment was finally returned to South Korea via Kobe Port.

In reality, the results of Chong Chu-yong's North Korea visit have come to naught. But Hyundai thinks otherwise. Through his visit to the Soviet Union on six occasions in 1989 and 1990, Chong Chu-yong obtained a Soviet promise to cooperate in realizing South Korea's participation in the development of North Korea, as well as in the development of Siberia.

One Hyundai executive said: "Any contact in an unfavorable surrounding climate would likely worsen the condition for negotiation. For this reason, we have not yet ventured to make an all-out attempt. Contrary to North Korea's stand, we do not think the deal is dead. When the conditions improve, we will surely bring the deal to consummation."

Except the Hyundai group, no other South Korean firms are making any visible moves for economic cooperation with North Korea. Currently, large South Korean firms are in the stage of having their North Korean affairs departments periodically examine economic relations with North Korea and collect data on North Korea in order to survey North Korean markets and study the feasibility of starting joint ventures. Incidentally, no firm has a separate department specializing in North Korean affairs, and in most cases, the same department handles North Korean affairs along with matters concerning China and other socialist countries.

Contacts with third-country figures who will serve as potential contact points in future dealing with North

Korea come under the domain of this periodic scrutiny. Most of these figures are Korean residents in the United States and Japan who have lengthy experience in contacting North Korea, and with South Korean firms' deepening interest in North Korea, they have become very active in their roles as contact points. Incidentally, there is a great variety in their quality.

Among them are influential figures like Son Tal-won (Yoshida by Japanese name), a Korean resident in Japan who arranged Hyundai Honorary Chairman Chong Chu-yong's visit to North Korea. On the other hand, quite a few of them are nothing more than swindlers. According to concerned officials of big firms, there are many who claim they have a well-established channel with North Korea, but practically no results have been produced through them.

Using North Korean Labor in Siberia

In addition to the Hyundai group, Dong-A Pharmaceutical is making an active move to achieve economic cooperation with North Korea. When Kang Sin-ho, chairman of Dong-A Pharmaceutical, visited the Soviet Union with senior officials of the Federation of Korean Industries in July 1989, he discussed the possibility of Dong-A Pharmaceutical joining in Exman [name as published], a Khabarovsk-based Soviet-North Korean joint pharmaceutical manufacturing venture.

According to an official of Dong-A Pharmaceutical, his company sent a letter of invitation to Expa [name as published], the Soviet partner of Exman, asking its senior official to visit Seoul. But the visit has not yet materialized. Dong-A Pharmaceutical said it will push for the joint-venture plan with sustained interest.

In addition, in October 1989 Dong-Bang Ocean Fisheries (Board Chairman Yun Ki-won) received permission to contact officials of a concerned North Korean firm to promote a cooperative venture with North Korea in fisheries. According to a Dong-Bang Ocean Fisheries source at that time, Lobana [name as published], a North Korean-Australian joint venture, made a proposal to Dong-Bang through a Korean resident in Australia that the two side form a joint venture to catch salmon in Soviet waters in the Bering Sea and process it, with the South Korean side providing ships and funds and North Korea furnishing fishing rights.

However, despite the permission given to contact the other party, the plan made no further progress because of the deterioration of inter-Korean relations and for other reasons.

On 26 January 1989, when Chong Chu-yong, honorary chairman of the Hyundai group, was visiting North Korea, it was reported in newspapers that "Jindo Fur Company is pushing for a joint factory in North Korea." According to this report, at the Leningrad fur auction, North Korea proposed to Jindo officials a plan to set up a joint venture in the form of North Korea providing the

factory site and workers and Jindo Fur Company providing capital and technology.

However, Jindo Fur Company categorically denied the report as unfounded, and since then there have been no reports about any further progress.

As is clear from all this, despite abundant possibilities of economic cooperation between North and South Korea, many turns and twists are expected before such cooperation becomes a reality.

In the same way that our firms are trying to utilize border trade in border areas of the Soviet Union, China, and North Korea in promoting commodity exchanges with North Korea, ways are being sought to utilize these same border areas for the purpose of realizing economic cooperation with North Korea. To be specific, it is considered feasible to set up in these areas ROK-Chinese and ROK-Soviet joint-venture factories which will employ North Koreans.

In particular, with the possibility of carrying out joint Siberian development in sight as a result of the recent establishment of ROK-Soviet diplomatic relations, it has been learned that a considerable number of details have already been worked out on the formula of employing a large number of North Korean workers in Siberian development through the good offices of the Soviet Union.

Unification Board Becomes Sole Agency in Charge

The 18 firms which have actual records of exchanging goods with North Korea formed the "Council for the Promotion of Inter-Korean Trade" in July 1990. (No Chin-sik, vice chairman of Korea Foreign Trade Association, is its chairman.) Members of this council, which is aimed at exchanging information, locating obstacles, and mapping out countermeasures for the purpose of expanding inter-Korean trade, include small and medium firms, such as Tusong Trading Company and Asia General Trading Company, as well as large trading conglomerates such as Samsung Corporation, Hyundai Corporation, Lucky-Goldstar, Daewoo, and Ssangyong.

Since its inception, the Council for the Promotion of Inter-Korean Trade has held one plenary meeting and two working-level meetings (attended by department directors), but the atmosphere of these meetings reportedly was not very lively. In this regard, a working-level official of the Korea Foreign Trade Association described the atmosphere of the meetings as follows: "No tangible results have been produced so far in North-South economic relations, and what is more, corporations are competing with one another. For this reason, they were not very willing to talk."

Recently, legal and institutional devices for facilitating the efforts of South Korean firms to promote economic ties with North Korea have been considerably consolidated. The red tape which used to force firms to make

the rounds of the National Unification Board, the Ministry of Trade and Industry, and the Agency for National Security Planning to get a single permission to bring in North Korean goods was eliminated when the National Unification Board became the sole point of contact under the "Law on Inter-Korean Exchange and Cooperation," which went into effect in August 1990.

In addition, when the "North-South cooperation fund" amounting to about 300 billion won which is being raised currently is finally set up, our firms are expected to bear far fewer risks of competition in pursuing their business strategies toward North Korea.

Nevertheless, in reality, our firms now have only limited information on the North Korean economy. One working-level official of a conglomerate said: "Data available to us come mostly from China, Japan, and other sources. What information we get from these sources is so limited that we have many difficulties in working out business plans."

One of the reasons we have great interest in inter-Korean economic exchanges is that these exchanges can be the foundation for normalizing relations between the North and the South and further for realizing reunification. This maxim was true with German reunification and equally true with our efforts to establish relations with Iraq, the Soviet Union, and China.

That is why the government and the public are expecting and demanding that corporations, the main performers of economic activity, take the initiative in opening the channel for economic exchanges.

Political Priority Remains Unchanged in North Korea

However, corporations standing in the van of economic exchanges are rather considerably more cautious and passive than expected on the outside.

They say that there is not much that private firms can do under the present circumstances. Kim Chang-hwan, a department director at Ssangyong Company commented as follows:

"North Korea is an out-and-out totalitarian state. It is impossible to promote economic exchanges ahead of and in separation from political considerations. Anyone who claims that economic exchange will promote an opening does not understand North Korea. My idea is the opposite. In my opinion, when North Korea sets forth the policy of opening, economic exchanges will become possible. The past economic relations between the North and the South prove this point well."

An examination of the North Korean attitude in the past North-South dialogues indicates that this claim on the part of our firms is not an exaggeration. North Korea gave the Team Spirit joint-military exercise as its reason for suspending the North-South economic talks in 1985. In the subsequent North-South contacts also, North

Korea demanded that priority be given to solving political and military issues in response to the South Korean proposal for promoting personnel and commodity exchanges first.

At the North-South high-level talks in Seoul in early September, North Korea stuck to this same stand. In his keynote speech, Premier Yon Hyong-muk, North Korea's representative economic bureaucrat, while recognizing the necessity for economic exchange between North and South Korea, rehashed the past North Korean stand that "when political and military issues are settled, economic exchange will follow naturally."

To the disappointment of South Korean firms, the North Korean delegation turned down the invitation to a luncheon party extended by South Korean business leaders, including the heads of six economic organizations, claiming as a reason its busy schedule.

However, in spite of these difficult circumstances, many observers are optimistic about the prospect for inter-Korean economic exchange from a long-term point of view. They say that the international trend is moving toward an opening and inasmuch as North Korea cannot look away from this trend indefinitely, the opening of North Korea is a matter of time.

From this point of view, they point out that the recent rapid rapprochement between Japan and North Korea is not necessarily completely disadvantageous to us. Their reasoning is that realistically, Japan is the only leading country capable of inducing North Korea to open its door to the outside, and after Japan opens North Korea's door, the way for South Korean firms to do business with North Korea will be widened.

There is a contrary view, however, that when North Korea expands economic ties with Japan, North Korea may see no pressing need for expediting economic interchange with South Korea.

Government Should Cultivate Climate

It is a common demand among our business firms that in order for inter-Korean economic exchange to become more active and for our firms to push for deals with North Korea more aggressively, both governments should first create a favorable climate. In this regard, one senior executive of the Hyundai group made this comment:

"The government is demanding that our firms actively promote deals with North Korea. What is more, it is better to begin economic interchange at the private-sector level first. But, to do so, the government should create an amiable climate so that firms can act. As is the case with all other countries, there are hardliners and moderates in North Korea as a matter of course. Our government should create a favorable condition for the North Korean moderates to have a greater voice. If the two governments exert efforts to improve inter-Korean

relations and ease tensions, the officials of both sides in charge of economic affairs will work more aggressively in that context."

The government recognizes the validity of this demand of business firms. A senior official in the National Reunification Board in charge of practical aspects of inter-Korean economic exchange said: "We are well aware that to make direct trade and economic cooperation possible, some kind of political agreement is needed. For this reason, at the current North-South high-level talks, our government is trying to produce tangible results, such as establishment of an inter-Korean economic committee to handle problems concerning economic exchanges between North and South Korea."

*** Industrial Prospects for 1991 Forecast**

912C0021 Seoul HANGUK KYONGJE SINMUN
in Korean 5 Oct 90 p 9

[Article by the First Industrial Desk Staff: "Industrial Forecast Calls for One-Digit Growth in Electronics and Other Key Sectors, Hard Times for Petrochemical Products and Textiles, and Boom for Footwear and Tires"]

[Text] (Editor's note: Prospects for various industrial sectors in the coming year, in short, are cloudy with zero visibility. The business climate of our industry as a whole is expected to deteriorate next year due to the slowdown of the U.S. economy added to the soaring oil prices caused by the Persian Gulf crisis. Most of the key industrial sectors expect a one-digit growth, while the petrochemical and textile sectors are expected to have rough sailing. Only the footwear, tire, and heavy electric equipment industries—which are relatively minor industrial sectors—are expected to enjoy a boom. Given the murky prospect for the economic climate in our country, investment is expected to be sluggish, depressing the manufacturing sector. The following is a sector-by-sector forecast of business activity for next year.)

Electronics

The total output by the electronic industry next year is expected to reach 20 trillion won, up about nine percent from this year's output level, due to the combined effects of the sluggish export and domestic demand.

The export of electronic products next year is expected to reach \$18.5 billion, or an approximately six-percent increase, namely, a one-digit growth rate as in the current year, due to the weakening competitiveness. Of course, there are problems involving the internal and external environments, but it is pointed out that the failure to upgrade the products is a more serious problem. As of now, there seem to be no more promising export items to be found.

In addition, next year Japanese products made in ASEAN countries are expected to make inroads into our country at a faster pace. What is worse, the economy of

the United States, the leading market for our products, is expected to deteriorate, and the semiconductor sector, which has hitherto played the role of a locomotive in our export drive, began to slow down rapidly in the second half of the year, darkening the prospect for the export of electronic products.

Nevertheless, with the won getting depreciated and the yen remaining strong, it is expected that price advantages from the change in the exchange ratio will begin to be felt in the first quarter of 1991. As a result of the establishment of formal diplomatic relations between our country and the Soviet Union, our exports to communist countries are expected to increase somewhat.

When all these factors are taken into consideration, it is expected that next year the growth rate in production will be two percent in home electronic appliances, five percent in computers and office machines, and approximately 14 percent in parts.

The volume of domestic sales is expected to reach 8.7 trillion won, or an increase of 7.9 percent, a lower growth rate than that in the current year. The output of home electronic appliances will reach 3.2 trillion won, or an eight-percent increase, which is below the 15 percent increase in the current year. Thanks to the strengthening of computer education in school and the program for computerizing government operations, a 20 to 30 percent increase is forecast for the output of office electronic machines. However, due to the curtailed government budget for telephone exchange and general telephone installation projects and the saturated demand for telephone equipment, the output of communications equipment is expected to fall below the 1990 growth rate. As a result, the output of industrial electronic products is expected to register a 7.5-percent increase next year. The output of electronic parts, which are on a growth path, is expected to reach 3.5 trillion won, or eight percent up from the 1990 level.

Textiles

Owing to the higher production cost caused by soaring oil prices, the profit picture of the textile industry as a whole is expected to deteriorate a great deal, raising fears for a serious recession.

Due to the sharp rise in the production of petrochemical products, raw materials used in chemical fibers, the production cost of chemical fibers is expected to increase more than 10 percent in the fourth quarter of the year. This in turn will have ripple effects on the cotton textile and garment sectors.

In particular, our chemical fiber industry depends 60 to 70 percent on imports for the supply of raw materials, and this leaves very little leverage in reducing the cost. The resultant weakening competitiveness of the industry, and the diminishing demand for fibers in the world economy which is taking a downturn with the advent of the era of high oil prices, give little hope for increasing the export of petrochemical products.

As to the garment industry, one of our main industries, garment exports are continually decreasing due to the weakening price and quality competitiveness, and the industry can hardly expect to eliminate the structural causes of business slowdown in a short period of time. As a result, the industry is not in a position to expect an increase in garment export.

Domestic demand, which has sustained the garment industry against sluggish exports up to now, is expected to cease to grow and to accelerate the pace of the downturn in 1991. With the entry of our garment exporters into the domestic market for the purpose of compensating for the diminishing exports, an acute competition has arisen among garment producers, and it is feared that this in particular will operate as another unfavorable factor. Some analysts predict that because of the slowdown in domestic demand, next year it will be unavoidable for some of the small and medium-scale garment producers to go into bankruptcy in a chain reaction.

The cotton textile sector is an exception. Recently, inventories have gradually decreased, and according to some analysts this is about the time for the three-year recession cycle to complete its full circle, raising the cautious optimism that recovery will occur in this sector.

The chemical fiber industry has recently been making an active effort to explore nongarment fibers, including fibers used for industrial materials, and this nongarment fiber sector is expected to move on a stable growth path.

Petrochemicals

Business activity in the petrochemical industry is expected to slow down significantly due to the soaring prices of naphtha, ethylene, propylene, and other basic materials and distillates.

Our petrochemical industry has been suffering from an oversupply as a result of the competition for installation and expansion of production facilities in the wake of investment liberalization, and now faced with an unexpected breakout of the Persian Gulf crisis, it is likely to receive an added big blow.

Producers of affiliated products which lack an ability to self-supply raw materials, are expected to encounter great difficulties in operating their plants.

It is feared that firms specializing in one or two items only may be cornered into the brink of bankruptcy because of their diminishing competitiveness and the forced reduction of factory operation.

New entrants, such as Hyundai Petrochemical and Samsung General Chemical which are expected to go into operation beginning next year, are expected to shoulder great difficulties because of problems involving their obligation to export a certain amount, the depreciation of their fixed assets, and procurement of raw materials.

The export side, which is supposed to absorb the domestic oversupply, is also expected to worsen.

The prevailing view among business circles is that even if the Persian Gulf crisis is settled smoothly, oil prices will remain in the \$25-\$30 range.

Analysts say that under this kind of price structure, our petrochemical industry is bound to be handicapped in competition with countries using natural gas, as well as with petroleum-producing countries.

It is expected that the domestic market will also find difficulties under the expected dumping assault from the United States and other countries with a competitive edge.

Automobiles

A slowdown in the domestic auto market is expected due to the Persian Gulf crisis, soaring oil prices, and the increase in the automobile-related taxes and public charges.

Next year domestic auto sales are expected to increase only by 15 percent because increasing oil prices and the rising cost of maintaining automobiles will depress the consumers' desire to buy cars.

An increase of that magnitude means a business slowdown compared with an increase of 25 percent or more in car demand since the advent of the era of popularization of car ownership.

It is difficult to forecast prospects for auto exports because of unstable oil prices, but an increase of about 10 percent is anticipated.

According to general observations, the auto market in the United States will remain on a downturn for a third consecutive year with a quick reactivity to the higher oil prices.

However, a fall in demand will appear mostly in the market for medium and large-size cars, and the demand pattern for compact cars is expected to change little, raising the hope that our compact car exports will increase smoothly.

As a result of the efforts to diversify export markets and explore new markets, the recovery trend in auto exports is expected to continue.

Auto sales next year are expected to reach 1.5 million automobiles, or an increase of 13 percent, with 1.1 million cars sold in the domestic market and 400,000 exported.

This means a slowdown in the auto market next year with its growth rate falling below the level of the 27-percent increase envisaged for the current year.

The high growth trend in auto sales reversed in 1988 and 1989 with the rate of growth dropping to 10 percent and four percent respectively. Fortunately, auto sales were on

a recovery curve this year, but they are expected to make a downturn again next year.

Iron and Steel

Next year the output of iron and steel materials is expected to rise to 26.5 million tons, up 9.7 percent from last year's output level.

The domestic output of iron and steel materials next year is expected to reach 19.75 million tons, or an increase of 8.2 percent over last year's output level.

In particular, domestic sales of steel materials used in construction and shipbuilding, such as reinforcing rods and medium and thick steel plates, are expected to remain buoyant thanks to the boom in the construction and shipbuilding industries. However, with the anticipated slowdown in the domestic auto market due to higher oil prices and other factors, the domestic sales of cold-rolled steel sheets and zinc-coated steel plates are expected to stagnate.

In terms of profitability, cold-rolled steel and steel pipe producers are expected to have some difficulties because of the oversupply resulting from the new installation and expansion of production facilities and the increasing financial costs.

The export of iron and steel materials next year is expected to reach 7.6 million tons, or an increase of 4.8 percent over the 1990 level.

The export of cold-rolled steel plates, zinc-coated steel plates, and steel pipes is expected to recover gradually thanks to the stable value of the won and the strong yen.

According to a diagnosis by the world's popular steel journal WSD [expansion unknown], the Persian Gulf crisis will not cause a shrinkage in the world's iron and steel market on a long-term basis, but on a short-term basis, it will cause approximately a one-year delay in the recovery of the world's iron and steel prices due to the slow down in economic growth rate in the Western world. What is more, the anticipated export offensive by East European countries on the strength of their price advantage may cause a derangement in the pricing structure in the iron and steel market.

The iron and steel industry is expected to engage in active compensation trade with the Soviet Union and China in an effort to expand its export market.

Machinery

Next year the machine industry is expected to fall into recession with its domestic and external business climate deteriorating further.

Nevertheless the domestic market is expected to remain on the growth path riding the construction and automation boom, whereas exports will slow down significantly. The deteriorating price and quality competitiveness

resulting from higher wages, rising prices of raw materials and supplies, and the backwardness of technological standards will be a major factor for the slowdown in business activity.

Machine exports are expected rather to fall below this year's level because of the higher cost resulting from higher oil prices, among others. Machines for general use, in which our producers fall behind foreign producers in price competition, will pose an immense difficulty in machine exports.

On the other hand, the export of structural steel, electric motor cars, farm machines, and machine tools—in which our producers enjoy a considerable degree of competitive advantage—is expected to continue steadily.

The export of plants having a great added value is expected to continue steadily, with Southeast Asian countries as a main destination.

Next year the climate of the domestic machine market will not be as good as this year, but on the whole, the same market climate is expected to continue.

The production of excavators, loading machines, and other heavy machines, and numerical control (NC) lathes, machining centers (MC's), and other machine tools will be booming thanks to the new urban development projects and the factory automation (FA) boom.

Shipbuilding

Prospects for the shipbuilding industry will depend largely on how the Persian Gulf crisis will end.

When spot crude prices in the world oil market shot up to \$40 per barrel because of the Gulf crisis, shipowners who had been watching the development of events ceased to place new ship orders, completely taking a wait-and-see attitude.

Shipowners, anticipating a shipbuilding boom in the 90's actively placed ship orders beginning in 1987, and subsequently the fever for placing advance ship orders subsided to some extent. Then, with the outbreak of the Persian Gulf crisis, ship orders froze almost completely.

Shipbuilding firms expect that even if the Gulf crisis is resolved by the end of this year, the freeze in ship orders will continue into the middle of 1991.

Nevertheless long-term prospects for the 1990's are good except for the consequences of the sudden Gulf crisis. This is because demand for new ships to replace the antiquated ships built in the late 1970's is expected to persist.

On the other hand, as of the end of August the volume of orders received by our shipbuilding industry was 4.92 million gross tons (GT), totalling \$3.9 billion in value. This represents an increase of 157 in volume and an 88 percent increase in value over last year and an alltime

high in the annual orders received by our shipping industry in terms of volume and value.

Cement

This year we have experienced a cement shortage, but the shortage will turn into an oversupply next year.

With the construction and expansion projects of cement plants slated for completion by the end of the year, the cement supply capacity next year will reach 41.5 million tons (on the basis of a 90-percent operating rate).

However, domestic demand for cement is expected to increase to 35 million tons, or a mere six to seven percent increase over this year's level, creating an oversupply of more than 6 million tons of cement.

Despite rising oil prices, the cement industry expects a continuing boom in demand for cement because of the construction boom in government-sponsored development projects and new town construction projects.

However, the problem is export. The amount of oversupply which is expected to exceed 6 million tons needs to be diverted to export. But in view of the anticipated worldwide slump in business activity resulting from rising oil prices, the volume of export will reach 4 million tons at the most.

This year we had an acute cement shortage, and while exerting major efforts to fill domestic demand, our cement producers have experienced difficulties in cement exports as they lost some of their foreign customers. For this reason, the cement industry is expected to encounter difficulties in expanding export next year.

Footwear

Continuing from this year, the footwear industry expects to enjoy a boom next year. Growth in export may slow down somewhat, but overall the current rate of growth will be maintained at least.

First, footwear exports are expected to reach between \$4.4 and \$4.5 billion, or a five- to seven-percent increase over this year's export volume of \$4.2 billion. This rate of increase is lower than the 10 percent increase for this year, but in terms of export volume, the total footwear export next year will record an all-time high. Particularly, orders for "Big Three brands," namely Nike, Roebuck, and LA Gear, will exceed this year's level; and exports to the Soviet Union, Hungary, and other communist countries are expected to increase.

The unit cost of exported footwear will jump from \$11 this year to \$13 next year, indicating the trend to upgrade the products.

Next year domestic demand for footwear will increase by 10 to 20 percent on the strength of the trend toward excessive consumption, catapulting the domestic footwear market into a \$500 billion market. With the reinstitution of the school uniform system, the sales of casual

wear are likely to increase by a big margin. In addition, the struggle to dominate the markets for (air-porous footwear) [earyu sinbal] and foreign brands is expected to heat up. New brands for domestic consumption are expected to increase also.

Tires

Tire exports and domestic tire sales are expected to increase 10 percent over this year's level. Tire exports are expected to exceed the \$900 million level, or a nearly 10 percent increase over this year's exports (\$820 million). The exploration of new markets in Hungary, Poland, China, the Soviet Union, and other communist countries will be brisk.

By items, the export of passenger car tires will surpass that of truck and bus tires in the rate of growth, and with the gradual diversification of export markets, the trend in orders is expected to shift from large-volume orders for a small variety to small-volume orders for a large variety. The unit export price is expected to be on the same level as that prevailing this year or fall below it because of an oversupply by the "Big Three" tire makers, namely, Good Year, Michelin, and Bridgestone.

The domestic tire sales next year are expected to reach about 400 billion won, up 14 percent from this year's sales volume (350 billion won), thanks to the increase in automobile sales.

The tire output is expected to reach 34 million ties, or an increase of nine percent over this year's output level, as a result of the expansion of tire plants by Kumho, Hanguk Tire Manufacturing Company, and other large tire manufacturers.

Heavy Electric Equipment

The scale of the heavy electric equipment market is expected to reach 3 trillion won next year, or an increase of 20 percent over the current scale.

This is because a large-scale development of electric power resources has become necessary as the ratio of the electric power supply reserve to the total electric power supply fell below the optimum ratio of 15 to 100 due to a sharp increase in electric power consumption resulting from the increase in housing and industrial building construction and the lower electric bill.

Hydroelectric power plants will be built in Kangnung, Imha, and Chuan in 1991.

In addition, the anticipated increase in investments in environment protection facilities, such as subway construction and the construction of gas transportation and city water supply networks, will make it necessary to expand the demand for heavy electric equipment.

However, given the big technological gap between our country and advanced countries—we rely more than 50 percent on Japan for technology—our heavy electric equipment industry will receive a serious blow when a GATT agreement on government procurement is concluded this year as scheduled.

The climate for the export of heavy electric equipment, which accounts for 10 percent of the total output of heavy electric equipment, is expected to be favorable, led by the sharply increasing inverter export resulting from the worldwide trend of energy conservation.

Burma

More on Attempt To Set Up Alternative Government

Stopped 'Dead in Its Tracks'

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[By Erskine McCullough]

[Text] Bangkok, Dec 19 (AFP)—The decision by the leaders of Burma's pro-democracy party to expel the MP's [members of parliament] who set up an alternative government has almost certainly stopped the breakaway movement dead in its tracks.

Less than 24 hours after the MPs announced the formation of the National Coalition Government of the Union of Burma (NCGUB) in Manerplaw, near the Thai border, the National League for Democracy (NLD) revealed in Rangoon they had stripped the parallel government's leaders of their party membership.

In one fell swoop, the MPs have lost the backing of the party which swept the May general elections, taking almost 400 of the 485 seats available, and with it the credibility of being NLD members.

Observers here say the NLD decision has left the NCGUB impotent and reduced it to little more than a small group of dissidents opposed to Burma's ruling military junta.

Even before the NLD move to expel the MP's, the plan to set up an alternative government had already come under strong criticism from Rangoon-based diplomats who described the move as both foolish and dangerous.

The diplomats warned that setting up such a government would only enrage the junta and lead to an even tougher crackdown by the military.

Scores of NLD and party leaders have already been arrested by the junta since the elections and diplomats feared those still free would be picked up and jailed.

"What they are planning to do is madness. All they are doing is putting a lot of people's lives at risk. There is probably not a government in the world that will recognise them," said one diplomat.

In the end not even their own party were prepared to recognise them.

Sources in Rangoon said the MPs gave their party chiefs no choice but to expel them.

"The NLD leaders are very wary about talking to journalists but their decision is their way of showing the junta that they want to have no truck with what was going on at the border," said one source.

The former NLD members, led by Sein Win, cousin of arrested NLD leader Aung San Suu Kyi, had vowed to

overthrow the junta when they set up the NCGUB. Since the elections, the NLD leadership in Rangoon has made it clear it is totally opposed to violence, regardless of the merciless crackdown carried out by the military.

The breakaway MPs, who had decided to team up with the Democratic Alliance of Burma (DAB), an umbrella organisation made up of 21 anti-Rangoon groups who believe in armed struggle, threatened the NLD's much stressed non-violence stance.

"The NLD leadership in Rangoon have done the right thing. There was simply no way they could allow a group of MPs to rush off into the jungle and set up an alternative government," said one Bangkok based observer.

"If the NLD had not acted the junta would almost certainly have declared the party illegal and begun arresting those members who remain free. It would have been the final blow for the country's pro-democracy movement," he added.

Observers said the split in the NLD was confirmation of how successful the clampdown on the movement by the military had been.

"The party is in disarray. Their leading figures have been arrested and the whole party organisation has all but broken down," said one observer.

An NLD organiser from the south of country who recently visited Bangkok admitted that the country offices had almost no contact with the leaders in Rangoon.

"We don't know what is going on. Each area is trying to struggle on on its own but it is very difficult, but we will try," he said.

The Burmese ambassador to Thailand, Nyunt Swe, told AGENCE FRANCE-PRESSE on Wednesday that he welcomed the NLD's decision to expel the MPs.

"If the report is correct then I think it is a good move. The NLD will be able to continue to stand in Burma as a registered, lawful political party.

"The position of the so-called provisional government will be worsened even further because even their own party expelled them. Who will recognize them?" he said.

Mr. Nyunt Swe said government troops would be moving on Manerplaw and the MPs, who have already been declared as fugitives.

"The military is increasing its anti-insurgency operations and this group will not be an exception," said the ambassador.

He said claims by the alternative government that they would overthrow the junta were nonsense.

"The group's military backup, the DAB, does not have enough arms to overthrow the government," he said.

International Support Sought

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[By Yindi Loetcharoenchok]

[Text] Manerplaw, Burma—Eight Burmese elected representatives have called for international support for the "National Coalition Government of the Union of Burma," a provisional government they formed Tuesday on the Thai-Burmese border.

The democratically elected leaders said the body received the blessing of the Burmese populace as well as 250 elected parliamentarians inside the country.

The establishment of what they called a "legal government" comes at a time when the military junta or the State Law and Order Restoration Council (SLORC) in Rangoon is attempting to prolong its existence as head of the state by increasing pressure on the MPs elected in the May general election to follow lengthy unconventional procedures, including the drafting of a constitution, before it would consider stepping down.

While considering the move, the opposition politicians informed some "democratic countries" of their initiative, which they have taken up due to the popular call and pressing political situation inside the country.

In a lengthy press conference after the formation of the government, Dr Sein Win, who was appointed prime minister, said the pressing political situation as well as the endorsement of 250 elected members had compelled him and the other elected politicians to agree on the setting up of a government in the liberated area.

Sein Win, chairman of the Party for National Democracy, which is affiliated with the majority winner National League for Democracy (NLD), expressed his strong hope that the body he headed would receive international support and sympathy.

"First of all, we have started to notify the international community, especially Western democratic countries, that we plan to take the initiative mainly because we received the mandate of the people," but the "communications between the countries and us are expected to be kept neutrally confidential," he said.

"I firmly believe that democratic countries will, as we try to move on, show sympathetic consideration and we may later receive moral, material and other support," said the 43-year-old soft-spoken leader, who is the cousin of the NLD leader Aung San Suu Kyi.

Suu Kyi, daughter of independence hero Aung San, has been under house arrest since July 1989. She was banned from participating in the May election or in any new government, on charges that she was married to a foreigner and associated with foreign influences despite her retention of Burmese nationality and passport.

Sein Win also urged Japan, once Burma's biggest financial donor, and Thailand, to help restore democracy in Burma, saying, "As one of the Asian countries and the most affluent democratic country, we hope the Japanese people and government would not disregard the plight of the Burmese people, especially the students and youths who are in exile here. It is our message to the Japanese Government and people that we would welcome their moral and other support for this course to democracy.

"We are fully aware that around the world the trend of democracy is prevailing and we believe that Thailand and its people who are democratic will not be the exception to this trend."

The National Coalition Government of the Union of Burma is composed of eight Burmese MPs from the National League for Democracy, the Party for National Democracy and an independent individual, who will administer 12 ministries.

Sein Win strongly defended his government against any move by the SLORC to dissolve or nullify the NLD or other political parties because of their association with a dozen anti-Rangoon armed ethnic forces, saying that the MPs in the new government "are not insurgents as everybody can see that we are chosen by the people... If there is an insurgent, it is none other than the SLORC, which not only does not have the mandate of the people but also uses force of arms and the barrels of guns to suppress the people, and not the NLD or the National Coalition Government of the Union of Burma."

He said the eight Cabinet members "are democratically elected by the people" to form the government, which could be expanded to accommodate ethnic minority people and elected representatives who arrived on the border in the future.

Sein Win said 250 MPs of various political parties, including the NLD, "signed a support document to be addressed to the NLD Central Executive Committee in Rangoon" supporting the plan to set up a provisional government.

However, the letter, which finally reached the committee was later confiscated by the SLORC, said Sein Win, who obtained a PhD in mathematics from Germany.

He expressed his belief that the NLD and other political parties' establishment of a new government would be endorsed by the 22-member NLD Central Executive Committee, although 18 members of the panel were still under detention. The only four in Rangoon—U Aung Shwe, U Shwe, U Lwin and Daw Myint Myint Khin—could not be reached for a reaction but Sein Win believed that they would endorse the move.

Since the elected representatives were denied the right to perform their duties, "we had to come to the liberated area and share with our ethnic brothers ... and gradually; we will have to pave our way with the support of our people."

The main task of the government was to topple the SLORC and then call for a national convention involving all elected representatives, members of the Democratic Alliance of Burma, and other representatives from the election winners and democratic forces, according to Sein Win. After that a "genuine democratic government" would be set up after a new general election, he said.

The new premier said he plans to hold talks with concerned Thai authorities on the fate of thousands of Burmese students who fled into Thailand and are now facing possible confinement in Thai border camps for their active anti-Rangoon political activity, including two hijacking incidents.

"We have a programme to assist the exiled community of Burmese people, students and youths who have been taking refuge inside Thailand. At the right time we will confer on this problem with the appropriate Thai authorities," he said.

Sein Win allayed the fear of nullification of economic contracts and agreements that foreign businessmen and investors have with the present military rulers in Rangoon, saying that every pact "will be under careful scrutiny and we will review it thoroughly on an individual basis. Whatever is found to be detrimental to Burmese national interest will have to be dealt with appropriately."

As for the fate of the country's military elite, who have been oppressing the Burmese people for the past three decades, Sein Win said, "the Burmese people in Burma have never advocated vendetta, and they will be willing to see that revenge as such will not be the order of the day.

"But at the same time, the Burmese people will have to make the decision; but the NLD as well as the National Coalition Government of the Union of Burma is not to take revenge," he said.

Foreign Ministry on UN Call for Suu Kyi Release

*BK1912153390 Rangoon Domestic Service in Burmese
1330 GMT 19 Dec 90*

[Text] The Ministry of Foreign Affairs issued a press release today in response to reports broadcast by the BBC and VOA this morning that on humanitarian grounds the Secretary General of the United Nations had requested the release of Daw Aung San Suu Kyi, against whom action has been taken according to the laws of Myanmar [Burma].

The full text of the press release is as follows:

Press Release of the Ministry of Foreign Affairs

Burmese programs broadcast by VOA at 0630 on 19 December 1990 and the BBC at 0640 reported that on humanitarian grounds the secretary general of the United Nations has requested the release of Daw Aung

San Suu Kyi, who has been placed under restriction according to Myanmar law. Action has been taken against her solely from the viewpoint of the existing laws of Myanmar. During his meeting with the United Nations secretary general at 1530 on 11 October 1990 at the Office of the UN Secretary General in New York, U Ohn Gyaw, leader of the Myanmar delegation, explained the developments in Myanmar.

During the course of the meeting, when the secretary general inquired about the case of Daw Aung San Suu Kyi, U Ohn Gyaw explained that the most lenient action had been taken against her for infringing upon the existing laws and not because of her political convictions. He further added that if there were individuals or governments who have written to the secretary general on the matter and who have expressed their desire for leniency to be applied on humanitarian grounds, the leader of the Myanmar delegation would like to apprise the secretary general of the fact that during his visit to Myanmar in late July and early August 1990 Japanese Senator Mr Michio Watanabe met Senior General Saw Maung. At that meeting, Mr Watanabe casually mentioned the case of Fang Lizhi which he had discussed during his visit to China, and it was remarked that in consideration of humanitarian principles, if Daw Aung San Suu Kyi wished to stay with her husband and children she would be allowed to leave Myanmar.

This point was made to the secretary general in the belief that the secretary general would convey this point to those who have expressed their concern.

The true situation regarding the matter has been presented because it was determined that the two foreign broadcasting stations reported this matter in their broadcasts from their own viewpoints. It is hereby stated that the point made by the leader of the Myanmar delegation to the secretary general remains valid today. Furthermore, paragraph 1 of Article 100 of Chapter 15 of the UN Charter stipulates that in discharging their duties the secretary general and his staff members shall not seek or receive instructions from any government or any other authority external to the organization. We are confident that the UN secretary general will not be receptive to pressure from any government or organization.

It should also be mentioned that the prime minister of Myanmar on 31 July 1990 and the Myanmar permanent representative in New York on 25 May 1990 have written letters to the secretary general on the matter.

Insurgents Surrender To Authorities 1-17 Nov

*BK2012112490 Rangoon Domestic Service in Burmese
1330 GMT 19 Dec 90*

[Text] Members of insurgent organizations who have come to realize their wrongdoings have been surrendering at various military units with assorted weapons and ammunitions. The following surrenders took place between 1 and 17 November 1990:

Southern Military Command: Privates Ma Khin May Aye, Ma Nan Hpyu, and Ma Nan Moe from the KNU [Karen National Union] 3rd Battalion surrendered at Nyaunglebin Garrison. Private Saw Nay Htoo of KNU 2nd Battalion surrendered at the Toungoo Township Zone Law and Order Restoration Council [LORC].

Southeast Military Command: Private Thein Han of the NMSP [New Mon State Party] surrendered at Kamawet Garrison. Privates Tin Maung and Saw Akhaing of the KNU surrendered together with an M-16 assault rifle and a carbine rifle at the Thandaung Garrison. Private Zaw Pe surrendered at Letpadan Garrison with an AK-47 assault rifle. Private Aye Ngwe of the ABSDF [All Burma Students' Democratic Front] 203d Battalion surrendered at Nyaungbingyi Garrison. Private Than Win surrendered at Kyarsi Garrison. Privates Pan Hlaing and Ko Me surrendered at Khonemaw Garrison. Mon Alikhun alias Thein Kyi, Sergeant Soe Thein and Private Soe Lin from the Muslim Insurgent Group surrendered at Paukyauk Garrison together with a .45 pistol, M-16 assault rifle, one land mine, and one hand grenade.

Northeast Military Command: Private Kyaw Naing of the KIA [Kachin Independence Army] Central Headquarters surrendered at the new Muse Garrison.

Eastern Military Command: Section leader Maung Ni of Red Pa-o insurgent group surrendered with a carbine rifle at the Tatkon police station.

Northern Military Command: Private Sai Aung of KIA 3rd Battalion surrendered at Waingmaw Garrison.

Western Military Command: Private Norbi Hussein of Kalasoe insurgent group surrendered with a pistol at the Maungdaw Garrison. Private Mohamed Zaubu surrendered with a locally made gun at the No. 2 police garrison at Areetaung.

Those who returned to the legal fold were warmly welcomed at respective garrisons by personnel concerned.

PRC Deputy Railways Minister, Delegation Depart

BK1712155790 Rangoon Domestic Service in Burmese 1330 GMT 17 Dec 90

[Text] The visiting PRC vice minister for railways, Mr. Sun Yongfu and his delegation, currently in Myanmar [Burma], called on U Khin Maung Yin, managing director of the Public Works of the Ministry of Construction, at the meeting room of the Public Works at 0800 this morning.

Also present on the occasion were U Kyi, general manager of the Public Works; U Aye Ko Ko, chief planning engineer; U Thein Shwe, chief works engineer; U Thant Zin, director of the Yangon [Rangoon]-Thanhlyin [Syriam] bridge construction project; responsible public works personnel; and Mr Cheng Ruishing, PRC ambassador to Myanmar. At the meeting, the PRC deputy

minister and managing director of public works cordially discussed matters concerning the Yangon-Thanhlyin bridge construction project.

The PRC vice minister for railways, Mr. Sun Yongfu, and his delegation left by air this evening. The vice minister was seen off at Yangon Airport by U Khin Maung Yin, managing director of Public Works of the Ministry of Construction; U Khin Maung Than, director general of the Directorate of the Road Transport Department; and responsible personnel; Mr Cheng Ruishing, PRC ambassador; and embassy officials. The vice minister and delegation arrived in Yangon on 10 December.

Military Delegation Returns From Thailand

BK1712143390 Rangoon Domestic Service in Burmese 1330 GMT 17 Dec 90

[Text] Senior General Saw Maung, commander in chief of the Defense Services of the Union of Myanmar [Burma], greeted a Burmese Defense Services study delegation at Yangon [Rangoon] Airport. The delegation, led by General Than Shwe, deputy commander in chief of the Defense Services and the commander in chief of the Army, arrived back in Yangon from Bangkok this evening in a special plane of the Government of the Union of Myanmar after attending the Asian Defense Services Exhibition held in Thailand.

Present at the airport with Senior General Saw Maung were Vice Admiral Maung Maung Khin, commander in chief of the Navy; Lieutenant General Aung Ye Gyaw, adjutant general; Lieutenant General Phone Myint, quartermaster general; Lieutenant General Sein Aung, chief of the No. 1 Operations Bureau; Lieutenant General Chit Swe, chief of the No. 2 Operations Bureau; Major General Tin U, chief of staff of the Army; Major General Myo Nyunt, commander of the Rangoon Military Command; Colonel Pe Thein, minister for health and education, and chief commanding officer of the Universities Training Corps; Mr. Suraphong Posayanon, Thai ambassador to Myanmar; and senior civilian and military officials.

Returning together with General Than Shwe were delegation members Major General Khin Nyunt, director of the Directorate of Defense Services Intelligence; Brigadier General Abel, director of procurement; Rear Admiral Than Nyunt, chief of staff of Navy; Brigadier General Thein Win, chief of staff of Air Force; Brigadier General Myo Thant, director of signals of the Ministry of Defense; Brigadier General Thein Tun, director of ordnance; and senior military officials.

Cambodia

Maneuverings Continue Before Paris Meeting

KPRP Rejects UN Peace Plan

BK1912122090 Phnom Penh SPK in English 1130 GMT 19 Dec 90

[Text] Phnom Penh SPK December 19—The Political Bureau of the Kampuchean People's Revolutionary

Party [KPRP] met here this morning to discuss a political solution to the Cambodian problem and determine the stance of the State of Cambodia delegation at the upcoming meeting in Paris among the SNC [Supreme National Council] members.

At the meeting, Heng Samrin, general secretary of the PRPK [Kampuchean People's Revolutionary Party] Central Committee, stressed that the sovereignty and right of self-determination of the Cambodian people can never be violated or decided by anybody or any organization.

"Only the Cambodian people can exercise their sovereignty and right of self-determination through free and fair general elections to choose their own socio-economic regime and their leaders," President Heng Samrin said.

"It is easy to find a political solution to the Cambodian problem if the other side adopt a realistic attitude and base on themselves the reality in Cambodia," President Heng Samrin asserted.

"However," he went on, "if they persist in their demand for dissolving the Cambodian Government and the Cambodian Armed Forces and put Cambodia under (the protection) of any organization, the peace process in Cambodia will get into a deadlock again as could be seen through the previous resolutions on the Cambodian problem which did not include the participation of the legitimate representatives of the Cambodian people during the past 11 years."

"Another key problem which should not be forgotten in any document," Heng Samrin warned, "is the problem of genocide on which many countries have signed an international convention undertaking to prevent and punish any genocidal regime."

"Any political solution to the Cambodian problem which does not mention measures to prevent the return of the genocidal regime is not a comprehensive solution, but only a sham peace solution and will open the door for the return of the genocidal regime," President Heng Samrin stressed. "The best measure to prevent the return of the genocidal regime is to dissolve the Polpotist organization both politically and militarily, and send its ringleaders to the tribunal," President Heng Samrin suggested.

The meeting took place in an atmosphere of sincerity and unanimity.

PDK To Attend Conference

BK2012015890 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodia
2315 GMT 19 Dec 90

["Statement by the Party of Democratic Kampuchea Delegation Attending the Paris Conference on 19 December 1990"]

[Text] 1. The Party of Democratic Kampuchea [PDK] is happy to attend the conference in Paris at the invitation of the cochairmen of the Paris conference, namely His Excellency Roland Dumas, French foreign minister, and His Excellency Ali Alatas, Indonesian foreign minister.

2. According to the content of this invitation, all party members of the Supreme National Council should officially state their position on the draft agreement for a political and comprehensive solution, worked out by the cochairmen of the Paris conference and the five permanent members of the UN Security Council [UNSC] on 26 November in Paris with the participation of the special envoy of the UN secretary general.

3. The PDK, like the entire Cambodian national resistance forces under Samdech Norodom Sihanouk's leadership, assist and support the 16-point principle of the five permanent members dated 16 January 1990; assist and support the framework document of the five permanent members dated 28 August 1990; assist and support the Jakarta joint statement dated 10 September 1990; and assist and support Resolution 668/90 of the UNSC.

4. Based on the principle of respect and sincere implementation of these documents, the PDK would like to express its support for the draft agreement for a political and comprehensive solution dated 26 November in order to end the war in Cambodia and restore peace and independence in the country, with the Cambodian people achieving their sacred right of self-determination to decide their destiny themselves, and to ensure peace, security, and stability in Southeast Asia according to the unanimous aspiration of the Cambodian people and the entire international community.

5. At present, if the Hanoi Vietnamese and the Phnom Penh side really want to solve the problem politically and comprehensively, they should accept the 26 November comprehensive draft agreement, which is the result of persistent efforts over many years by the ASEAN countries, the five permanent members, the Paris conference cochairmen, the UN secretary general, and the entire United Nations.

6. The PDK would like to take this opportunity to express profound thanks to the ASEAN countries, the Paris conference cochairmen, the five permanent members, the UN Secretary General and his special representative, the United Nations, the special commission of the International Conference on Cambodia in 1981, and all peace- and independence-loving people who have made efforts to promote the process to solve the Cambodian problem peacefully, in order to quickly restore Cambodia's independence and sovereignty with the Cambodian people exercising their right to decide their own destiny.

Urges Acceptance of Documents

BK2012023290 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 19 Dec 90

[Text] On 18 December 1990, the delegation of the Party of Democratic Kampuchea, led by His Excellency Khieu Samphan, PDK chairman and Cambodian vice president in charge of foreign affairs; and His Excellency Son Sen, PDK vice chairman and minister and member of the Coordinating Committee for National Defense, left for Paris at the invitation of His Excellency Roland Dumas, French foreign minister, and His Excellency Ali Alatas, Indonesian foreign minister, cochairmen of the Paris conference.

Before leaving, His Excellency Khieu Samphan, PDK chairman, granted a special interview to the representative of the Voice of the National Army of Democratic Kampuchea radio. His Excellency said he is leading the PDK delegation to attend the Paris meeting in the framework of the process to reconvene the Paris conference. In the invitation, His Excellency Roland Dumas, French foreign minister, and His Excellency Ali Alatas, Indonesian foreign minister, cochairmen of the Paris conference, stressed the significance of this meeting because the cochairmen and the five permanent members of the UN Security Council, on the basis of the framework document of the UN Security Council five permanent members, had on 26 November worked out a comprehensive agreement for solving Vietnam's war of aggression in Cambodia. The four Cambodian parties have now officially confirmed their respective stances toward this document to the cochairmen.

His Excellency Khieu Samphan specified that the PDK, like the entire Cambodian national resistance forces under Samdech Norodom Sihanouk's leadership, has successively assisted and supported document 167 dated 16 January of the five permanent members, the 28 August five-chapter framework document; the 10 September Jakarta joint statement; the UN Security Council Resolution 668/1990; the 26 November document worked out by the cochairmen and the five permanent members, to restore peace and security in Cambodia and ensure peace, security, and long-lasting stability in Southeast Asia and the Asia-Pacific region.

These documents are the result of successive efforts of the ASEAN countries, the five permanent members, the cochairmen of the Paris conference, and the UN Secretary General. The Cambodian people need and will assist and support these documents. The Cambodian people need peace and independence without Vietnamese aggressor forces occupying Cambodia. The world's overwhelming majority also need and will assist and support these documents.

Therefore, the Vietnamese aggressor side and the Phnom Penh side, to show their intention of solving the Cambodian problem, should accept all these documents. In other words, they should officially state their real stance

to the cochairmen of the Paris conference. Otherwise, Vietnam will turn out looking like the aggressor and the one who is continuing the war of aggression in Cambodia, refusing to solve its war of aggression in Cambodia, and violating the Cambodian people's right to decide their destiny themselves.

Radio Reemphasizes PDK Call

BK2012072390 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 19 Dec 90

[Station editorial: "The Cambodian People Hope the Paris Meeting Adheres to the Jakarta Joint Statement and That It Agrees To Support the 26 November 1990 Draft Solution of the Cochairmen of the Paris International Conference on Cambodia and the Five Permanent Members of the UN Security Council on Settling the Cambodian Problem"]

[Text] At the invitation of the cochairmen of the Paris International Conference on Cambodia [PICC], there will be a meeting on 20 and 21 December in Paris of the four Cambodian parties to discuss the draft agreement on solving the Cambodian problem, which was adopted on 26 November 1990 by the PICC cochairmen and the five permanent members of the UN Security Council on the basis of the 28 August 1990 five-chapter framework document of the UNSC five permanent members.

Like the international community, the Cambodian people hope all Cambodian parties will adhere to the basis everyone has agreed upon in the Jakarta statement to move toward reconvening the Paris conference on Cambodia to adopt an agreement on quickly solving the Cambodian problem politically. In the 10 September 1990 Jakarta joint statement, all four Cambodian parties agreed:

1. To fully support the five-chapter framework document of the UNSC's five permanent members and accept this framework document as the sole basis for solving and ending Vietnam's 12-year war of aggression in Cambodia politically and comprehensively.
2. The four Cambodian parties agreed to set up the 12-member Cambodian Supreme National Council [SNC] and to elect Samdech Norodom Sihanouk as chairman and 13th member of this SNC. If all four Cambodian parties abided by this agreement, everyone would have to accept the draft agreement on solving the Cambodian problem, which was adopted on 26 November 1990 in Paris by the PICC cochairmen and the UNSC's five permanent members, because this 26 November document is fully an offshoot of the five-chapter framework document of the UNSC's five permanent members.

The three parties of the Cambodian national resistance forces have fully abided by the 28 August 1990 framework document and the 10 September 1990 Jakarta document and have already declared their support for the 26 November 1990 draft document on solving the

Cambodian problem. The three Cambodian parties hope that the other party also accepts this document in order to quickly move toward a solution to the Cambodian problem and restore Cambodia's peace, independence, sovereignty, and territorial integrity.

Attempting to alter the 28 August 1990 framework document and the 10 September 1990 Jakarta document and reject the 26 November 1990 solution document would be destroying all the results of the persistent efforts over many years of the international community, particularly of the UNSC's five permanent members and the PICC cochairmen, and would also prolong Vietnam's war of aggression and occupation in Cambodia and the Cambodian people's suffering, hardship, separation, and death. This is completely against the aspiration of the Cambodian people and the international community.

For this reason, the Cambodian people would like to appeal to the PICC cochairmen to strive to ensure that the already signed agreement be abided by with the full acceptance of the 26 November 1990 draft document on solving the Cambodian problem in order to quickly convene the Paris conference on Cambodia and move toward ending Vietnam's war of aggression and occupation in Cambodia politically and definitively.

This is the ardent aspiration of the Cambodian people as well as people and countries in the region and the entire international community.

Radio Views Effect of Paris Meeting Postponement

*BK1912033390 Jakarta Domestic Service
in Indonesian 0000 GMT 19 Dec 90*

[Station commentary]

[Text] The day after the Sunday Cambodian radio announcement that Hun Sen had agreed to attend the Paris International Conference on Cambodia [PICC], a French source monitored by Western media in Bangkok stated that the Cambodian factions meeting, cochaired by France and Indonesia in Paris, was to be postponed. This was in accordance with French Foreign Minister Roland Dumas's 28 September statement that the PICC would be held on Friday 21 December. France had earlier proposed that the conference be held in early December and not at the end of the month. The French source which carried the announcement intercepted on Monday said the meeting which had been postponed from early December to 21 December is again being postponed.

Hun Sen had earlier agreed to come to Paris on Friday, but Vietnam had objected to the conference convening on 21 December. The conference which also involves the United Nations, seeks a peaceful settlement to the Cambodian problem. As a result, Hun Sen could not come to Paris as planned.

In its statement issued on Friday, Vietnam considered the framework of the peaceful settlement to the Cambodian problem as a violation of the objectives and principles of the UN Charter. Two days later, a Khmer Rouge radio program intercepted in Bangkok accused Vietnam of trying to obstruct the United Nations Security Council-sponsored peace settlement to the Cambodian problem.

Thus, the Khmer Rouge faction will definitely benefit from the postponement of the PICC because if the meeting is convened as planned, a general election would be expedited in Cambodia and the international community will acknowledge the outcome of the general elections.

Taking into account the actions of the Khmer Rouge during its tenure from 1975-78 and the outcome of the general election held in Eastern Europe last year, it is hoped that the Khmer Rouge will not be returned to power through general elections. However, if the United Nations Security Council's effort to seek a peaceful settlement is obstructed, then it is possible that the Khmer Rouge could be returned to power.

Resistance Attacks District Seat in Mondolkiri

*BK2012031690 (Clandestine) Voice of the National
Army of Democratic Kampuchea in Cambodian
2315 GMT 19 Dec 90*

[Text] On 17 December, our national resistance forces in Mondolkiri Province launched an offensive against Kaoh Nhek district seat and its defense networks. We basically destroyed the district office and its administrative networks. We killed five Vietnamese enemy soldiers and wounded seven others; two were taken prisoner.

On 16 December, our national resistance forces attacked and liberated Sre Thom Commune. The people were happy and escaped from the strategic villages in which they had been forced to live by the Vietnamese enemy. District troops and village and commune militiamen have also basically deserted the area.

News about the attack against Kaoh Nhek District has spread to other districts and has caused other soldiers and militiamen forced to serve the Vietnamese enemy to desert, like those from O Reang District—the provincial seat of Mondolkiri Province—and Pich Chenda District.

Oddar Meanchey Provincial Seat Said Surrounded

*BK2012035290 (Clandestine) Voice of the National
Army of Democratic Kampuchea in Cambodian
2315 GMT 19 Dec 90*

[Text] On 18 December, our national resistance forces attacked and liberated the O Preal position, which is part of the defense line west of Samraong, Oddar Meanchey provincial seat. We killed five and wounded 10 Vietnamese enemy soldiers and seized some war materiel.

The situation after our national resistance forces' attack and liberation of Tonle Sar and O Preal is as follows:

1. The resistance forces are attacking and surrounding the Samraong township from every direction.

2. People have basically fled the township. Soldiers have been deserting the provincial seat. Militiamen, self-defense forces, and district troops in particular have deserted in groups with their families. The Vietnamese and a number of Cambodian ringleaders are in great fear because, on the one hand, the resistance forces are attacking and surrounding Samraong town from every direction, and on the other, people have fled and the soldiers have deserted. Only a small force of groups of about a dozen soldiers were left to offer scattered resistance. Furthermore, as soon as they left the town, these soldiers deserted.

Artillery pieces of the national resistance forces have scored direct hits against and destroyed the command post of the 286th Division. Vietnamese and puppet commanders have been dispersed. The police force chiefs in the province and Samraong District called A-5 have also fled.

Battle Successes in Week Ending 16 Dec Reported

BK1912140790 Phnom Penh SPK in French 1135 GMT 19 Dec 90

[Text] Phnom Penh 19 December (SPK)—During the week ending 16 December, armed forces in Siem Reap-Oddar Meanchey Province, in close cooperation with local militia forces, put out of action 36 enemy soldiers, according to military sources.

The report said the government troops, during their counteroffensives against the enemy in various communes in Banteay Srei District, killed 19, wounded 13, and captured four enemy soldiers, and seized three guns and significant war materiel.

During the past two months, a battalion from Kompong Cham Province, more than 120 km southeast of Phnom Penh, killed 13 and wounded six enemy troops in clashes in the province of Kompong Thom. It also received 21 misled persons along with 16 firearms.

Bou Thang Opens Hydropower Station Building Site

BK2012070690 Phnom Penh Domestic Service in Cambodian 0430 GMT 20 Dec 90

[Text] A ceremony was recently held in Ratanakiri Province to inaugurate the building site of a hydropower station in O Chum under the chairmanship of Comrade General Bou Thang, member of the party Central Committee Political Bureau, vice chairman of the Council of Ministers, and chairman of the Committee for Consolidating and Developing the Northeast Region; and Comrade (Son Song), adviser of the Vietnamese Embassy to Cambodia.

The construction of this hydropower station, to be built with Vietnam's technical cooperation, will take two years. It is worth \$1.8 million. This medium-size hydropower station has the capacity generating 1,000 kw/hour and can serve people in the provincial seat and a number of districts. In particular, it can serve various industries.

The building of the O Chum hydropower station will become part of the speedy development of Ratanakiri Province's various sectors when it is completed.

Paddy Shortfall in Kompong Thom Province Noted

BK2012080490 Phnom Penh SPK in French 0138 GMT 19 Dec 90

[Text] Phnom Penh 18 Dec (SPK)—Drought combined with floods at the end of the past rainy season has destroyed over 3,800 hectares of ricefields in Kompong Thom Province, or over 50 percent of the cultivated area.

Moreover, six successive campaigns had to be launched by the authorities in lowland areas threatened by rats. According to local estimates, the rice harvest, which has just started in many localities, will produce not more than 6,000 tonnes of paddy or 3,000 tonnes less than the previous year. Thus, the annual quota of paddy per capita will only be 150 kilograms.

The provincial authorities have taken various measures to correct the situation: subsidiary and industrial crops, additional jobs, intensive cultivation, irrigation works, and so on.

Indonesia

Suharto Uges New Policies, Strategies at Meeting

BK1912140390 Jakarta Domestic Service in Indonesian 1200 GMT 19 Dec 90

[Text] President Suharto says a policy, strategy, or attitude suitable for the past decade will not be fully suitable for the current situation, let alone for the coming decade. Therefore, continuous evaluation and selection of the best strategy available are needed.

Speaking when he met participants of the 1990 Army seminar at the State Palace in Jakarta this morning, the head of state said the Indonesian Armed Forces [ABRI] is part of society which is trained to think in strategic terms. As a professional soldier, ABRI must continue to evaluate for the future to prevent sudden attacks and to repulse various forms of potential threats.

Touching on the human resources development, the president said the main objective is to provide greater opportunities and stronger support for all Indonesian people in facing the future.

Minister Remarks on OPEC Production Level

BK1912094890 Jakarta ANTARA in English
0835 GMT 19 Dec 90

[Text] Jakarta, Dec 19 (OANA-ANTARA)—Oil prices will not collapse even after the end of the Gulf crisis as long as the Organization of Petroleum Exporting Countries maintains its production level at 22.5 million barrels per day (bpd), Indonesian Minister of Mines and Energy Ginandjar Kartasasmita said here Wednesday.

The minister at a signing ceremony of three oil contracts here said that if OPEC members show their attitudes of willingness to abide by their quotas, consumer countries would not release their oil stocks.

Consumer countries are feared to release their stocks, which could flood the world market and trigger the fall of oil prices.

"I am confident that the oil prices will not collapse if OPEC maintains its production level at 22.5 million bpd", the minister said.

He hoped that the execution of the resolution on the production quotas signed by OPEC members in Vienna recently would not be hampered by non-technical matters.

Minister Ginandjar stressed the importance for all OPEC members to abide by their quotas, including the United Arab Emirates.

Oversupplies and fall of oil prices in the world market often taking place in the past had always been caused by members which ignored the quota regulation.

For Indonesia, the minister said, it has no problem to lower its production to 1.374 million bpd in accordance with its quota, even though its production next month is likely to reach 1.5 million bpd.

He said that Indonesia would not pump up its oil in large amount, despite high oil demand.

Apart from that, the minister went on, Indonesia also realized the limitation of its oil resources. The policy of the government is therefore, to keep the balance between production and the market demand in accordance with the Pelita V [Fifth 5-Year Development Plan] (1989/94) projection.

Referring to the fall on the Indonesian Minas [brand] oil to 29.01 dollars per barrel, the minister said that it should not cause for concern because a price at that level is still higher than the 16.5 dollars as set for the state budget and the 21 dollars set by the OPEC.

Ginandjar said that the Indonesian oil for 1990/91 has reached an average price of 22.7 dollars a barrel.

The foreign exchange surplus received by Indonesia from the oil price increase is based on the calculation: US \$22.7 reduced by US \$16.5 and by taxes/subsidy times the amount of production, the minister explained.

Philippines

U.S. Accused of Barring Trade To Extend Bases

HK2012113390 Quezon City Radyo ng Bayan
in Tagalog 1000 GMT 20 Dec 90

[Text] Senator Aquilino Pimentel, Jr. accused the American Government of attempting to bar Philippine-U.S. trade, in an effort to extend the stay of its military bases in the country. Pimentel issued the statement in his privilege speech in the Senate today. He cited other undesirable acts by the United States, such as the involvement of American nationals in the previous coups d'etat, the pullout of U.S. Peace Corps volunteers, and the threat to pull U.S. investments out of the country.

U.S. Claims Called 'Fallacious'

HK2012042790 Manila MANILA BULLETIN
in English 20 Dec 90 p 13

[Text] Sen. Aquilino Q. Pimentel Jr. said yesterday that the solution of the country's huge debt servicing problems might be linked to the conclusion of a new treaty extending the stay of the U.S. military bases in the country as desired by the American government.

In a privilege speech before the Senate, Pimentel, a leading anti-U.S. bloc member, lashed out at the United States for stepping up the pressure to force the Philippines into bowing to U.S. demands for an eight to 10 years extended stay of its facilities.

Pimentel described as fallacious the American claim that the U.S. bases are here to stabilize the country, saying that since the turn of the century, the country has continued to suffer from so many economic, social and political problems.

He said that the latest pressure being exerted is the plan by the U.S. Congress to ban the entry of the Philippine natural-grade carageenan, a food additive, despite approval by the U.S. Food and Drug Authority [FDA] that it is safe and fit for human consumption.

Pimentel said that the U.S. legislature attached a rider in its 1991 Appropriations Act, requiring the FDA to reexamine its decision of July 12 which, he said, is an example of a blatant move to impose an artificial trade barrier between the U.S. and the Philippines.

"As the bases negotiations get into high gear, it looks like the U.S. is getting all heated up and is engaging in all sorts of political and economic squeeze plays in the hope of wearing down our reservations against any move to extend the term of the U.S. bases in the country after September, 1991," he said.

Pimentel also cited other indicators such as:

—Some shadowy characters in the U.S. Armed Forces were involved in the past coup attempts as the Davide Report indicates.

—The U.S. has pulled out the Peace Corps Volunteers.

—It has advised its citizens to keep away from most parts of the country.

It works, sub rosa, for the tying up of the Multilateral Aid Plan for the country with the extension of the term of the bases.

—It threatens to pull out its business interests from the country also.

Pimentel urged the U.S. not "to use the bases negotiations as an economic and political battering ram to bludgeon us into submission to your desires to have the bases retained in our country."

Manglapus: No Agreement on U.S. Bases Phaseout

*HK2012113190 Manila Radio Veritas in Tagalog
0900 GMT 20 Dec 90*

[Text] Foreign Affairs Secretary Raul Manglapus admitted there has been no agreement reached yet between the Philippines and the United States regarding the military bases phaseout, apart from the operational control of Clark Air Base. Secretary Manglapus expressed hope that every aspect would be clarified during the last two sessions of the bases talks between the two countries next January.

[Begin recording in English] [Manglapus] Really, there are tentative arrangements already in place.

[Reporter] What tentative arrangements are these?

[Manglapus] Well, we'll takeover Clark. [passage indistinct] [end recording]

De Villa Holds News Conference 19 Dec

*HK1912112390 Quezon City Radyo ng Bayan
in Tagalog 0625 GMT 19 Dec 90*

[News conference by General Rebati de Villa, Armed Forces of the Philippines chief of staff, moderated by Joe Capadocia, president of the National Defense Press Corps; held in Camp Aguinaldo—live; italicized portions denote passages in English]

[Excerpts] [Capadocia] Good afternoon everyone. Welcome to the news conference. On behalf of the Defense Press Corps, the theme of this news conference is not only the coming retirement of General de Villa, but also regarding the 55th anniversary of the Armed Forces of the Philippines [AFP]. Here with us are members of the AFP, colleagues from the Defense Press Corps of the Philippines and brother journalists from other countries. [passage indistinct] Also present are the four major service commanders of the four major military agencies: Major General Guillermo Flores of the Philippine Army; Major General Gerardo Protacio of the Philippine Air Force; Rear Admiral Mariano Dumancas, Jr. of the Philippine Navy; and Major General Cesar Nazareno of the PC-INP [Philippine Constabulary-Integrated

National Police]; [words indistinct]. General de Villa, we are now ready to start the news conference.

[De Villa] Many thanks, Joe, and to all of you who are here for the news conference which we hold on the occasion of the AFP's 55th anniversary. *We are here this afternoon, together with the major service commanders and all the PIO's [Public Information Officers] of the major services and some key staff officers of my joint staff. I am very happy on behalf of the Armed Forces of the Philippines that you're able to come and give us the opportunity in connection with the 55th anniversary celebration of the Armed Forces of the Philippines; once more dialogue with our people; once more inform our people; and once more be with them in addressing our problems particularly those pertaining to the military organization of our country. Many thanks to all.*

[Capadocia] Thank you very much, sir. Most of our visitors came from the Officers Club House in Camp Aguinaldo but our colleague Louie mentioned there are provincial radio stations who have questions to ask. The first question will come from Fe Zamora of the PHILIPPINE DAILY INQUIRER.

[Zamora] [question indistinct]

[De Villa] *This is not an existing policy, Fe. There are officers who want to wait and there are officers who have to go ahead of their actual retirement date, on the basis of the prevailing circumstances and the needs of the Armed Forces. Under the circumstances, President Aquino and I have agreed that I will retire or bow out of the service and relinquish my post come January.*

[Zamora] *Have you fixed the date?*

[De Villa] *We have not fixed the date, but sometime before that because we are looking for the most opportune day wherein we will not create so much problem and wherein we are more or less or majority of us will be available and during which I would have finished already with the winding down of all of the matters that I have to attend to between now and then. We are looking for a good day of the week but definitely it cannot be after January 23.*

[Zamora] [question indistinct]

[De Villa] *No. The president's plan as I understand it is just to be able to announce her decision of my replacement, but not necessarily replace me on that day.*

[Capadocia] *Thank you very much, sir. The next question will come from Rene Diaryo of Radyo Bombo.*

[Diaryo] [question indistinct]

[De Villa] Rene, we are sad because the intelligence fund of the entire Armed Forces of the Philippines has been cut by about 50 percent. That includes the GHQ [General Headquarters] intelligence units, the Army, the PC, the Air Force, and the Navy. This will have a great effect

on the capability of the intelligence community in monitoring the developments in our country, particularly the threat groups. However, even if the fund was reduced, we would try to maintain the service given by the intelligence community. I could not say how we would do this because we may need to seek authorization to obtain other funds to fill the gap. We are taking some steps to let our Congress know that it will have a great effect on us and that they should, if possible, help us by not cutting the fund exorbitantly so as not to diminish the Armed Forces' capability. The fund cut does not mean, however, that we will not be able to monitor whether there will be any coup attempts or not. We would still be able to sense this even if there is a cut. But we fear that since we have many intelligence projects that have to be pursued and these have enough or are very important to the country's security, not only related to coup attempts but many others which we monitor.

[Capadocia] From the Camp Aguinaldo hall, we move on to those from the provinces. There were questions relayed to our colleague Louie.

[Louie] *Thank you, Joe. The caller is Pablo Mercado of Bombo, Baguio City. Sir, how stable is the AFP in the face of the present political and economic crisis? And what assurances can you give in the event that the rightists or the leftists will take advantage of the prices; will the AFP be able to control the situation?*

[De Villa] Mr. Mercado, what I can tell you and all our listeners there is that, like all the other citizens, in or out of the government, we also feel the effects of the recent oil price increases. However, even if the price of all the goods and oil have risen, this does not mean that the Armed Forces have totally weakened. I want you to know that the Armed Forces of the Philippines has enough strength to ensure the country's security even if we are destitute for funds. What may happen is, in fact we have already started this last month, for us to take up measures to be able to save energy, oil, and the badly needed fund.

We give priority to what we call the field units—the operating units. Those at headquarters have to sacrifice. By this we reduce the effect of the present situation on our operations. I also want to say that like it has always been, you can depend on the Armed Forces of the Philippines to perform their jobs and look after our peace, security, and order. You should not worry. Despite the cut in our fund or the rise in prices, we will not neglect our duties. Concerning law enforcement, I think the PC-INP chief would agree that even if the petrol supply has diminished, it would not mean that they will no longer maintain peace and order in the country.

[Louie] There is another question here General de Villa. From DXMF, Danao City. There is a rumor that Colonel Noble is a deep penetration agent. How true is this.

[De Villa] There were reports published in the newspapers last month. But what I can say is that it is not true.

We did not use Colonel Noble to sow violence in Mindanao only to know and be informed of the plans by the RAM-SFP [Reform the Armed Forces Movement-Soldiers of the Filipino People]. That, I think, is mere rumor.

[Louie] This question came from the low-ranking soldiers. They were wondering why the release of the CAFGU [Citizen Armed Forces Geographical Unit] allowances had always been delayed.

[De Villa] The problems relating to the CAFGU's are looked into each month. In fact, I send inspection teams from the GHQ only to monitor the developments within the CAFGU. The truth is there were occasional occurrences in two or three units around the country wherein delays had been experienced. But our study showed that this was an administrative problem. The fund had never been delayed because this is released in advance to the area commands who are running the CAFGU administration. We have noted in the past that there have been transfers of CAFGU's to other places, but the leadership was never informed. Thus, on the payroll date the auditor will not pass the payroll until corrections are made. [passage omitted]

[Louie] Thank you very much. We want to remind our listeners that the direct broadcast was made available through the facilities of the DWDD Defense Department Radio and the networks hooked to us. Back to Joe.

[Capadocia] Before we proceed, we would like to inform all of you about the arrival here of AFP Vice Chief of Staff Major General Rodolfo Biazon. Romy Estrega of Radyo Bisig Bayan will ask the next question.

[Estrega] [question indistinct]

[De Villa] My answer to that Romy is this. I have been asked about that by the newspapers in that I was ambushed in Malacanang regarding that issue. My answer to that was that I was not presuming or assuming that I would be given another job in our government outside the military. *I feel that it would be presumptuous of me to anticipate or to even say or assume that I would be given a civilian position. My understanding is that, at this point, my understanding and my own plan is that I will return and revert back to private civilian life.*

[Capadocia] *Thank you very much, sir.* The next question from Josette Olivera, Radyo ng Bayan.

[Olivera] Who is your first personal choice, if you are given the chance to endorse the man to be the next chief of staff?

[De Villa] That is difficult, Josette. I am not the commander in chief, *and I do not want to again presume that my personal choice would have any bearing at all, insofar as the decision of the commander in chief is concerned. I can tell you, however, that I am making an official recommendation because it is my duty to do so to the commander in chief through the secretary of national*

defense. As to who that is and what that recommendation is, I would rather suggest that we wait for December 21.

[Capadocia] Thank you very much, sir. The next question is from Muriel Zulueta, PTV [People's Television] 4.

[Zulueta] Good afternoon, sir. What can you say about the the significant contribution or great proof on the improvement of the AFP in the past three years.

[De Villa] Muriel, I find that difficult to say because I should not be a judge of myself. But let me just say that we have gone through some of the most difficult times in the history of the Armed Forces. We have managed to keep it largely intact and solid and dutifully performing its assigned mission and doing its duties to our people, to our country, to our government. Secondly, I think we have tried our best or I have tried my best to pursue an internal reform program which will take some more time for follow up and for monitoring of adjustments. And we have also pursued what we believe is a correct approach to our insurgency problems, in so far as the AFP's campaign against insurgency is concerned. Whether all of these produced a better armed forces over the period of time or not, it is not really for me to say. I am satisfied that I have been given the opportunity to serve in this capacity and I have been very much satisfied that the entire armed forces, from the major services all the way down to the senior sergeants of the enlisted ranks have given me their full cooperation, including the civilian employees despite the hardships that many of them had to go through because of our policies, new policies, and procedures. I am just very gratified that I have been given the full cooperation by everybody within our organization.

[passage omitted] [Capadocia] Before we hear the questions from the provinces, let us listen to Rene Sta. Cruz of DZXL.

[Sta. Cruz] Good afternoon, General de Villa. From your point of view, what will be the major headache of your successor as chief of staff, sir? [laughter]

[De Villa] There will be plenty for sure because there are still many problems to be looked at and resolved. But for me, one of the most important thing the next armed forces administration is to ensure a better system of consultation between the future Philippine National Police [PNP] and the Armed Forces of the Philippines in relation to our counterinsurgency program and the developments in our country and to resolve the problems relating to the military and the police. I am saying this because there will be a distinction between the police and the Armed Forces in the maintenance of peace. In the coming days, especially in the first year of the Philippine National Police, the consultation and coordination between the PNP and the Armed Forces should be very close because there are areas and responsibilities which up to now the two are still merged. What I am saying here is that one of the immediate problems I foresee that we must attend to is that of defining the role, the actual task on the ground and the coordination that would be very necessary, the very close coordination that would be

very necessary between the Armed Forces and the Philippine National Police, from the municipal station level all the way up to the department level so that our present peace program and anti-rebel campaign succeeds. That is the major problem that I foresee. Second is to continue with reforms within the armed forces to further strengthen it and make it worthy of the trust of the people. I believe that the senior officers, who will be assigned to various positions during the reorganization after I retire, have the adequate experience, enough training, and credibility to carry on these tasks. [passage omitted]

[Sta. Cruz] Last question, sir, from my end. With the present set up and strength of the Armed Forces of the Philippines, how capable is the AFP in handling both the internal and the external threat, sir?

[De Villa] First of all, Rene, at this time, we don't have to worry about what you call the external threat. We are concentrated on the internal threat to include the CPP-NPA-NDF [Communist Party of the Philippines-New People's Army-National Democratic front]; the MNLF [Moro National Liberation Front], MILF [Moro Islamic Liberation Front] and the ultra-rightists. But even if the PC-INP would be separated, we do not have to worry about gross neglect. On the contrary, all of these two departments could even get stronger if only the coordination is set right. The end result will be for the good of our country.

[Sta. Cruz] Thank you, sir. [passage omitted]

[Capadocia] Let us attend to the provinces. I think there is a question from La Union, Louie.

[Louie] Yes, Joe. This is from DAS [words indistinct] and asking the question is Romy Acosta. General, do you believe that the rebel NPA will cooperate regarding the cease-fire on Christmas Day as they promised?

[De Villa] Romy, we are hoping they abide by their declaration and their promise. For our part, we have to be prepared for any eventuality. This means that despite the cease-fire, the Armed Forces is prepared to ensure order in the nation and face those trying to disrupt peace anywhere in the country. We have learned from our experiences in the past when they say something and not do it. I am not blaming all of them because they may not have full control of their subordinates because they are guerrillas.

[Louie] Here is a follow up, general. Does the government believe in the cease-fire by the rebel NPA. Does this mean that they have credibility similar to the military's belief on what Joma Sison of the CPP stated that the associations like the Bayan [New Nationalist Alliance], KMU [I May Movement], LFS [League of Filipino Students], and many others are communist front organizations?

[De Villa] Regarding the credibility of their declaration, like I told you, their declaration is good news. But since

our job is to ensure the safety of the nation, we will not lax in our watch over the nation, so that in an event a commander or all them launch any attack and say they are suspending their declaration, we would not be surprised. Regarding the statement by Joma Sison, we have no control on that and we did not know he was going to say that. But I confirm that Joma Sison said that. We have a videotape of this to show to the people that he really said the KMU, Bayan, GABRIELA [General Assembly Binding Women for Reforms, Integrity, Equality, Leadership, and Action] and other organizations are their front organizations. Now, if they are denying this, we don't care. [passage omitted]

[Copadocia] The next question from Ligaya Canlas of DZEC.

[Canlas] *Good afternoon, general. Will the AFP continue to recruit soldiers and other personnel despite the budget cut this year, especially in the intelligence?*

[De Villa] *This is the second year that we have not asked for any additional strength in terms of number of soldiers that we have. We are only asking for our original proposal to cover the expected inflation. But even that was all wiped out and we just have to bear the brunt like any other sector of government of the mandatory reduction in our budget.*

[passage omitted]

[Capadocia] The next question is from Ben Ga from the PHILIPPINE NEWS AGENCY. Ben?

[Ga] With the present economic crisis, how do you foresee the counterinsurgency program of the AFP? Can you meet the deadline to contain it by 1992?

[De Villa] You know Ben, our goal for 1992 based on our president's declaration maybe four years ago is to attain the so-called strategic victory. But the truth is that the CPP-NPA or the armed group disturbing us in various parts of the country may still be there after 1992. The other thing I want to tell our people is that our campaign against the CPP-NPA has slowed down not because of lack of capability but because of our problems with the ultra-rightists, like I had said. However, based on our markers, there is a great decline in the strength of the CPP-NPA like in their weapons, their armed groups, the number of controlled barangays. What we see at present is that the decline of the CPP-NPA continues. But, because of our economic crisis, the speed of our campaign against the armed groups of the CPP-NPA has slowed down. And if our request for the fund we need in order for us to have adequate oil and crude supply for our vehicles we used in our counterinsurgency program is turned down, there is a possibility that our goal of cleaning our country would slow down. But they are continuing to fall or to weaken. In 1987, Ben, to 1988 they had a strength of more than 25,000. After this year's third quarter, they fell down to 18,000. In 1987, their weapons were about 15,000 or more; but after the third quarter of this year, they only have 11,000 weapons. On the barangays they influence or control, in 1987 to 1988

there were about 8,000. But now, there are only 5,000. Many of their organized fronts have been disbanded. Many of their comrades have returned to the democratic government and abandoned their programs. So, they are weakening, Ben, but our campaign against these rebels may be slowed down. However, we will try our best not to neglect our counterinsurgency campaign. *And that is really the number one priority that I have given to all our commanders. Do not allow them to take the initiative for us, and we will not allow ourselves to lose the momentum that we have already gained.*

[Ga] *Regarding U.S. bases, how would it affect the counter insurgency program of the AFP if the U.S. would pull out from the Philippines, considering that the AFP is too dependent in terms of supply of firearms from the Americans.*

[De Villa] *Ben, the U.S. Armed Forces in the Philippines, present in the facilities in the U.S. facilities of Clark and Subic have never been part of our counterinsurgency program. While indirectly, our counterinsurgency program has benefitted from their presence because of the military assistance that we are receiving. Now, if this is reduced or removed and would not be replaced by our government, let's say that the \$200 million worth of military supplies and equipments that we are receiving this year, if this is not replaced by our government, then we lose \$200 million worth of supply, maintenance capability, and equipment. That's what it means. We will encounter difficulties in maintaining our major items of equipment. But if these are replaced by our government from our own fund in the Philippines, their pullout will have no effect on us.*

[Ga] *Where will we get the funds from?*

[De Villa] *That is what we should look for and study. Because we have a crisis here because of the Middle East problem. So, this is being studied by the so-called technical committee of the Department of National Defense [DND]-AFP. They are studying how to maintain our major items of military equipment. Maybe our Congress can find funds to replace what we will lose.*

[Ga] *Sir, how important are the U.S. facilities in the country or in the Pacific region as a whole?*

[De Villa] *Well, our view on this is that the projection of American military power in our region contributes very significantly to the stability of the region and at the same time prevents other major powers in the world from projecting their own power in this region. The truth is that there has been no major problem in our region, aside from the Vietnam war, in the past decade or one or two decades. But this does not mean and I am not saying that they are the only reason why we had not had any widespread war in our region. The most important aspect is the coordination between the small countries in this region, like the ASEAN members.*

[Capadocia] Let us go back to Louie for more questions.

[Louie] We have been talking about our Armed Forces' capability in fighting insurgents. Many years have passed and today is the 55th anniversary of the armed forces. Although presently there are problems in terms of equipment and facilities which the military lack, but during all those years before you became the Armed Forces chief of staff when you were already an official, in term of improvement of facilities and capabilities, what are the major accomplishments of the Armed Forces we could cite at present.

[De Villa] First: If we trace the CPP-NPA history from 1969, they were skyrocketing in terms of their strength. We thought their progress will never end. But in the past three years, we saw that their direction is no longer upward but downward. Despite disturbance, trouble, intrigue, persuasion, and recruitment on the various branches of the Armed Forces by those fighting the government, we managed to keep the armed forces intact, strong and loyal to our Constitution. This was manifested by the previous two major coup attempts in that even if we were fighting our former colleagues, and the feeling was not good, the Armed Forces proved it was a professional organization, ready to defend our Constitution, our country, and the majority of our people who respect democracy at any time. Third [as heard]: In the Armed Forces, through our reform program, many of those unworthy to wear the Filipino soldier uniform have been removed. We have corrected the wrong perception of our erring soldiers regarding their duties.

We have finished many programs giving aid and funds to our health services. We have given equipment to our soldiers in different parts of the country. We are continuing to *improve our supply system, quality of our equipments, quality of our individual clothing.* [passage omitted] [Capadocia] Let us give General de Villa a break and let us hear from the heads of the major service commands—the PC-INP, Navy, Air Force, Army—their views on their major accomplishments for peace and progress in the past year. Let us start from General Flores, sir.

[Flores] Thank you, Joe. In the Philippine Army, our eight divisions and the 25 infantry brigades and 76 infantry battalions are performing their primary missions under the direction of the area command in our counterinsurgency. I can say, despite having been unable to submit our year end result, that our counterinsurgency efforts have yielded good results. On the part of our engineering units, I can tell our people that our three engineering brigades, one in Luzon, one in Mindanao, and one in Visayas, helped greatly in the developmental efforts of the government. *In fact, for the year, they have accomplished about 120 projects ranging from road building, school building, irrigation, electrification, and others amounting to about 61 million pesos.* We are looking at increasing our engineering units when we have eradicated our insurgency problem. *In fact, I have recommended the activation of an engineering unit here in Luzon; and maybe late next year, we'll be recommending again another engineering unit in Mindanao.* That is all

I can say. On behalf of the Philippine Army, we extend our thanks to the Armed Forces chief of staff *because I strongly believe that he has done a mighty good job in consolidating and strengthening the Armed Forces and instituting reforms.* This is manifested by our diagnostic survey to gauge the troop moral, politico-military awareness of our soldiers, patriotism of the soldiers and the result was very positive. [passage omitted]

[Capadocia] General Protacio.

[Protacio] The Air Force will continue to serve the country, especially during calamities. The Air Force has also helped considerably in the counter insurgency campaign, and we believe that in the coming years, this insurgency problem would soon be resolved. [passage omitted]

[Capadocia] Admiral Dumancas, sir.

[Dumancas] On the whole, the Philippine Navy has [words indistinct] protection of our territorial waters, maritime enforcements, and other operations. The most interesting part is that, *within the very limited capability of the Navy, we have accomplished so much, particularly in the national calamity rehabilitation effort.* [passage omitted]

[Capadocia] Thank you, sir. General Nazareno, sir.

[Nazareno] To all our fellowmen, *I am glad to report that the PC-INP for the year 1990 have registered a reduced crime rate by two percentage point average monthly crime rate which is a measure of the prevailing peace and order condition in the country. Also, we have made a great headway in our program to eliminate carnapping and make it an extreme crime. This is a promise and a commitment of the PC-INP and we have now programs that the coming year will finally see the end of carnapping as a crime in the Philippines. A major program also that we are undertaking and as a matter of fact we have enlisted the help of the president, is the reduction, percentage wise, of the number of firearms in the hands of civilians in the country. We are now deep in the process of reregistration of all licensed firearms to cleanse our own records and our data. Eventually, we hope to see that only those who are really licensed to process and carry firearms will be the one that we can see in the streets. And hopefully these are the people who are responsible and would only like to have their firearms for the defense of their own person. All in all the programs of the PC-INP as part of the whole DND-AFP program has been going along very smoothly and within the transition period when we shall finally operationalize the Philippine National Police, we hope and we really expect that the Filipinos will eventually be living in the atmosphere of freedom from fear or violence and freedom to stay safe in their own residences and home.* [passage omitted]

[Capadocia] Let us listen to General de Villa for his closing remarks.

[De Villa] On behalf of the Armed Forces leadership and members, we thank you all for giving us this opportunity to interact with you and allow us to be heard by the nation especially on this important occasion; only two days more to go and we will be celebrating the 55th anniversary of the Armed Forces of the Philippines. We thank the Defense Press Corps for organizing this interaction with the media and the people. We congratulate Capadocia for having been reelected president, Ben Ga, Rodney Haleco, and Rene Sta. Cruz. Like we told the nation, you can rest assured that even at difficult times and despite our shortage in some needs and equipments and funds, we assure you that we will be performing our duties as energetically as we had ever been. We will do our best, despite our difficulties, to prevent violence we have experienced in the past, suppress criminality, and prevent any widespread disturbance in our country. If necessary the armed forces will do everything within the bounds of the law to maintain peace and order in the country. The Armed Forces of the Philippines will continue to perform their duties in accordance with the Constitution. We will remain loyal to the country and the Constitution, and will work toward our goal for a peaceful and progressive future. Many thanks and Merry Christmas to all.

Editorial on 'Crucial' Chief of Staff Choice

HK2012042190 Manila THE MANILA CHRONICLE
in English 20 Dec 90 p 4

[Editorial: "Crucial choice of the times"]

[Text] President Aquino is expected to announce tomorrow—Armed Forces Day—the new military chief of staff to replace Gen. Renato de Villa, who retires on the new Year. The appointment of the chief of staff is as important as Cabinet appointments, the reason being that the armed forces play a pivotal role in shoring up the fragile structure of the politically unstable government of President Aquino.

Although the selection for succession in the military leadership is separate from the current slow-motion Cabinet shakeup, it has to be viewed as part of the entire change of leadership at the most senior level of government. The choice of new Cabinet members and military leaders indicates to the people that the government is responding to public pressure to inject dynamism and sensitivity into its performance.

No matter how much we argue that, under the Constitution, the military must be subordinate to civil authority, the reality is quite different. Because of the instability of the civil government and the volatility of the economic crisis, the government, whether it likes it or not, is dependent on the armed forces for its survival against coup attempts by rebel segments of the armed forces themselves.

It is therefore important that the next chief of staff have not only the conviction that the key function of the armed forces during this transition period is to support

the constitutional government rather than overthrow, but also the capability to bring the troops into line to defend the government from armed attacks. This is what General de Villa, and his predecessor, Gen. Fidel Ramos, demonstrated during the critical stages of the transition.

There is no need to go into the specific qualifications of several generals considered for the position. All of them seem to have shown loyalty to the constitutional system. Of course, the question of whether the new chief will come from the navy, army, air force or constabulary is part of the equation. But the most important criteria are two: capacity to mobilize troops quickly to defend the government during attacks and loyalty to both the President, who is the commander-in-chief of the armed forces, and institutional loyalty to the Constitution.

We assume the President puts high value to loyalty. If this were so, then seniority should not be allowed to stand in the way of the selection. Some of those nominated could foster or even harden divisions and factionalism in the armed forces and some could be unifiers. Unification of the armed forces is essential in these times.

It should not be forgotten that the armed forces that shifted loyalty to Mrs. Aquino at Edsa were essentially the armed forces that had supported the Marcos regime. They abandoned the old regime after most of their leaders believed President Marcos had lost legitimacy to continue to govern. Thus, it is also important for this government that, in order to maintain the institutional loyalty of the armed forces, it must demonstrate that its legitimacy is not impaired or thrown into doubt by its competence—or incompetence—to govern effectively.

If it should be necessary for the President to make a deep selection to get the person she believes should lead the armed forces, there is no reason why she should not. There will always be grumblings when younger or less senior generals jump the seniority queue, but the most important consideration is to get the right man for these times to lead the armed forces. During the transition of the civil government in Spain following the death of the dictator, General Franco, the civil authorities revamped the armed forces in such a way that die-hard Franco loyalists were isolated and the commanders of the key regional garrisons were replaced by generals more amenable to civilian rule. The demands for the stability of the new regime dictated such drastic moves, which did not follow the normal seniority pattern.

The most important consideration, therefore, in the selection of the next chief of staff is that the choice will promote the stability and strength of the democratic process. This is also the time when the role of the armed forces in civil affairs is being realigned along the concept that they are support institutions for the constitutional system. The armed forces should be the army to defend

the integrity of the Constitution, not the hotbed of dissidents watching for any opportunity to overthrow the system.

Bill Establishing Trade Ties With Taiwan Filed

*HK2012041590 Manila BUSINESS WORLD
in English 20 Dec 90 pp 1, 5*

[Text] A measure was filed in the Senate yesterday which will allow the country to establish trade relations with Taiwan while continually recognizing the one-China policy.

In a privilege speech, Senator Leticia Ramos-shahani, author of the proposed Foreign Entites Relations Act or Senate Bill [SB] No. 1706, asked the Upper Chamber to approve the measure which will allow the Philippines to adopt a "development diplomacy."

She also asked Government to repeal Executive Order No. 313 which prohibits government officials from visiting Taiwan or receiving calls from visiting Taiwanese officials.

The Pangasinan solon said Government should also establish a Manila-based home office for the country's Asian Exchange Center in Taipei "so that developments impinging on Philippine-Taiwan relations and transactions (can) be closely monitored and coordinated."

Sen. Ramos-shahani said SB 1706 aims to establish and strengthen economic, trade, cultural, educational, scientific, technical cooperation, social and other people-to-people ties with other countries. "It does not address itself to Taiwan alone."

She said the country should adopt a policy "which would not foster division among the Filipino-Chinese community and members of the private sector, a group so critical to our economic recovery."

Sen. Ramos-shahani cited some benefits that the country is deriving from Taiwan to include 30,000 Filipino workers in that country; \$239M worth of items imported from the country and \$776 million of exports to the Philippines; and its willingness to be included in the Philippine Assistance Program.

"Taiwan for some years to come can be a part of our economic recovery from the desperate situation in which we presently find ourselves," she said.

Possible International Credibility Risk Noted

*HK2012041790 Manila PHILIPPINES NEWSDAY
in English 20 Dec 90 pp 1, 5*

[By reporter Alex B. Reyes]

[Text] The international credibility of the country's Economic Stabilization Program (ESP) is being put at risk by the reduction in oil prices and the failure to

include revenue measures in Congress' special session, Finance Secretary Jesus P. Estanislao warned in a memorandum.

Mr. Estanislao said the rollback in premium prices is costing Government P [Philippine peso] 750 million a month or P9.0 billion a year, and either a further increase in oil prices by January or passage of new revenue measures to cover the additional deficits is essential "to maintain the integrity of our ESP."

Without an increase in oil prices or identification of new funds to cover the oil subsidy, Mr. Estanislao said the country's economic program won't get approval from the International Monetary Fund (IMF).

An IMF program is a prerequisite to unlocking millions in crucial balance-of-payments loans to help ease the country's dollar shortage.

He also said the core bills that are critical for coming to an agreement with the IMF are the expansion of value-added tax coverage, the adjustment in income tax from business and professions, and the Payumo bill imposing an affluent consumption tax.

The Department of Finance estimates that the three bills can generate the P8.7 billion that will close the gap between the IMF and Philippine revenue targets.

"Revenues of P8.7 billion must be secured as this is the amount that precludes us from coming to a written agreement with the Fund," Mr. Estanislao said.

But these three critical bills have not been included in the agenda of the special session. What have been agreed upon are the alien stay legalization fee, increase in forest charges, productivity incentives for Bureau of Internal Revenue and Bureau of Customs (BoC) personnel and an amnesty program for BoC.

Target revenues in 1991 from these measures are P4.5 billion, P3.2 billion, P2.0 billion and P0.4 billion, for a total of P10.1 billion.

Because of the dire need to raise revenues so as to trim the budget deficit ratio to 3.5% of GNP, the Executive has proposed that the import levy be increased further if no new tax measures are passed.

Originally, Government had proposed a 5% surcharge on all imports plus an additional 5% tax on oil products. The Executive subsequently raised the import levy to 7% after the Senate objected to further taxes on oil products, and has threatened to increase it to 8% if the House insists on no new taxes.

Mr. Estanislao noted that negotiations with the IMF will become more difficult because "once again, we won't be able to deliver on time what was presented as an agreement with Congress."

Energy Crisis, Calamities May Cause Shortages

HK2012042390 Manila THE MANILA CHRONICLE
in English 20 Dec 90 p 1

[By staffmember Elizabeth Perez]

[Text] An agriculture department official warned yesterday of an impending food shortage due to a sharp drop in production this year as a result of natural and man-made factors.

These factors, said Agriculture Undersecretary Bruce Tolentino, brought down the projected 3.5% growth in agricultural production to just 2% this year.

"We would have to settle for a 2% growth rate (in food production)," he said. "but production would still not be enough to meet the expected annual population growth rate of 2.5%."

Tolentino said food supply would have to be "supplemented" by importation to enable the government to cope with the projected food shortage.

In Malacanang, President Aquino said the government would hold dialogues with leaders of the sugar industry and consumer groups to determine realistic levels for the forthcoming new schedule of prices for sugar.

Mrs. Aquino made the statement as she steered clear of giving any definite word on how much the expected sugar price increases should be.

Meanwhile, Tolentino said the recent oil price increases would have a serious impact on food production. He explained that the inputs vital to increased output like fertilizer and even fuel itself would be priced beyond the reach of ordinary farmers.

Also, the two major calamities that hit the country this year—the July 16 earthquake and typhoon Ruping—had destroyed crops and farms estimated at about P5 billion, according to Tolentino.

For instance, he said, records at the agriculture department indicated that the July killer quake had destroyed about 20,209 ha. planted to crops like rice, tobacco and vegetables valued at more than P [Philippine peso] 1 billion.

In addition, typhoon Ruping, which devastated close to 30 provinces in the Visayas, also damaged about 530,948 ha. of farmland and resulted in losses exceeding P4 billion, Tolentino said.

He warned that Congress was not helping any with an impending move to slash the proposed department budget for 1991 by about 44%, from P7.1 billion to just P4.8 billion.

Compounding the problem, Tolentino said, was the recent decision by the House of Representatives to scrap the P200-million funding for a comprehensive agricultural census.

The census, undertaken by the National Statistics office every 10 years, is vital to the department for policy-making, he said, explaining: "Without the crucial data, we will have bad figures and this, in turn, would result in bad forecasting and planning which, again, would result in bad economics."

In her statement, Mrs. Aquino justified the forthcoming increase in sugar prices, saying that despite the economic crisis, the sugar industry had been "very supportive" of government and the consumers.

"Recently, it even sacrificed yields by advancing harvesting and milling in order to bring the supply to reasonable levels," she said. "While we appreciate their present concerns on present low prices, we will be talking to them in order to reach a consensus on what may be the best course of action for both the industry and the consumers."

Earlier, the Department of Trade and Industry recommended a 70-centavo per kilo adjustment for the commodity, or an increase from the government-prescribed P15.95 per kilo to P15 per kilo.

Dismissed Comelec Chairman Temporarily Reelected

HK2012050990 Manila DWIZ Radio News 882
in Tagalog 0400 GMT 20 Dec 90

[Text] The Commission on Elections [Comelec] reelected Haydee Yorac as acting Comelec chairman in an en banc resolution. This move is to avoid suspending Comelec's operations. The commissioners decided to retain Yorac on a temporary basis while waiting for President Aquino to appoint a permanent Comelec chairman. Commissioner Alfredo Abueg said the Comelec is preparing for the 1992 polls. Yorac attended the en banc session but did not cast her vote. She is ready to give up the post as soon as the president appoints a new chairman, which should have the approval of the Commission on Appointments and the Supreme Court. Commissioners Abueg, Andres, Flores, Dario Rama, Magdara, and Dima-ampao voted for Yorac's retention.

Accord To Define Functions of National Police

HK1912040090 Manila THE MANILA CHRONICLE
in English 19 Dec 90 pp 1, 6

[By staff member Rolando Pascual]

[Text] The military and local government officials will soon sign an agreement to ensure the smooth transfer of some of the functions and areas of responsibility of the armed forces to the Philippine National Police [PNP].

Rep. Rodrigo Gutang (North Cotabato), one of the principal authors of the bill creating the civilian police force, told the CHRONICLE that the agreement would "clearly delineate" the functions and working relationships between the PNP, the Department of Interior and Local Government (DILG), the defense department and the armed forces.

The agreement will cover the "interim period" during which the peace and order situation would be assessed and certain areas put under PNP's supervision.

The PNP is made up of members of the Integrated National Police [INP] and elements of the Philippine Constabulary [PC] who opt to join the new police force. The DILG will supervise the PNP, as well as fire and jail services.

Thus far, according to Local Governments Undersecretary Cesar Sarino, three committees have been formed to oversee the smooth transfer of the PC-INP's funds and assets to the PNP, organize the DILG's personnel and help them "to think, feel and move as one department."

"(Another) problem is which of the funds and assets of the armed forces could be immediately transferred to us without jeopardizing the military's operations," Sarino said.

Under the PNP bill, peace and order functions like the anti-insurgency campaign would be transferred to the civilian police force, while external defense would be left to the AFP [Armed Forces of the Philippines].

The law also provides for a two-year transition during which the armed forces would continue doing its anti-insurgency functions.

Defense Secretary Fidel Ramos had said that an immediate transfer of the peace and order functions from the AFP to the PNP might derail the government's anti-insurgency campaign.

Police Captain Wounded in Quezon City Ambush

*HK1912131390 Manila Manila Broadcasting Company
DZRH in Tagalog 0800 GMT 19 Dec 90*

[Text] Unidentified men attempted to kill a high-ranking police official in an ambush on a stretch of Commonwealth Avenue, near University Lane in Quezon City. The official was identified as Captain Renato Bugarin, station commander of the Cubao Police Station. Captain Bugarin is presently under treatment at St. Luke's Hospital and was reported to be in good condition. Bugarin sustained one gunshot wound in the face, but it was not serious. He was driving home when he was ambushed by the suspects who were riding in a van and a Nissan car. Though wounded, he managed to drive his Lancer car to the hospital.

1987 Coup Plotters Sentenced to Jail Terms

*HK1912124390 Quezon City Radyo ng Bayan
in Tagalog 1000 GMT 19 Dec 90*

[Text] Eighty-one soldiers involved in the failed August 1987 coup d'etat were sentenced to 12 to 32 years imprisonment. This was contained in a verdict handed down today by a military court. Nineteen military officers and nine enlisted men were acquitted of charges

in the same case. The military court's decision ended after more than three years of trial.

Meanwhile, Armed Forces Chief of Staff General Renato de Villa said although the news about the decision by the military court has not reached him yet, he was confident the verdict was right:

[Begin De Villa recording] I have confidence in all our court martials in that they are doing the right thing and what is expected of them according to our laws and regulations in the course of running a court martial. And whatever the court martial decision is, in accordance with the law and military tradition, we respect it. [end recording]

Aquino Assures Review of Verdict

*HK2012095390 Manila Manila Broadcasting Company
DZRH in Tagalog 0800 GMT 20 Dec 90*

[By Dick Sinchongco]

[Text] The sentence handed down to soldiers and military officers involved in the 28 August 1987 coup attempt may still be reduced. President Aquino assured a thorough review of the appeal by the charged soldiers regarding their participation in one of the most serious attempts to overthrow the government. According to Presidential Spokesman Adolf Azcuna, the president is the ultimate reviewer of the appeal by the coup participants. The president's decision on a possible reduction of the soldiers' sentence would be based on a recommendation by the Armed Forces chief of staff; she will announce who will fill that post tomorrow. Malacanang stated this after a general court martial sentenced 81 military officers and enlisted men to 12 to 32 years imprisonment for their participation in the coup attempt.

Civilian Communications Groups Cooperation Urged

*HK1912022590 Manila Far East Broadcasting
Company in Tagalog 0100 GMT 19 Dec 90*

[Text] The Department of National Defense yesterday asked civilian communications groups nationwide to support the military in monitoring activities of rightist and leftist forces. Retired Major General Rene Cruz, defense assistant secretary for plans, ordered intelligence unit commanders to cooperate with owners of personal radio transceivers who can give information on the enemies of the government.

Kuwaiti Group Arrives for Peace Mission

*HK2012100790 Manila Manila Broadcasting Company
DZRH in Tagalog 0800 GMT 20 Dec 90*

[By Loi Caliwan from the Ninoy Aquino International Airport]

[Text] A five-man delegation from Kuwait arrived this afternoon at the Ninoy Aquino International Airport for their three-day peace mission. The delegation is headed

by the former city mayor of Kuwait, (Dawud al-Saleh). He arrived with (Sabbah al-Rayez), (Muhammad al-Haddad), (Ammad al-Abizi), and (Dr. Nassi al-Sahed). They arrived on Air France flight AF-182 originating in Thailand. Here is the statement by Kuwait's former Mayor (Dawud al-Saleh):

[Begin recording in English] On behalf of my colleagues and myself, we are very happy to be here in the Philippines. The relations between our country and your country have been very excellent and strong for many many years, especially economic relations. There are a lot of people from the Philippines working in Kuwait, and, as you possibly know, they have been affected by the present war in which Saddam Husayn and his troops attacked Kuwait. [end recording]

Thailand

Foreign Minister Supports UN Plan on Cambodia

*BK2012022590 Bangkok BANGKOK POST in English
20 Dec 90 p 7*

[Text] Foreign Minister Athit Urairat will visit Cambodia after the United Nations peace plan for a settlement is implemented.

He reaffirmed Thailand's support for the peace plan drafted by the five permanent members of the UN Security Council, of which the interim authority for Cambodia, called the Supreme National Council (SNC), is a key element.

Dr Athit will visit Cambodia after the SNC comes into being and United Nations personnel enter Cambodia as peacekeepers and to organise general elections in line with the peace plan.

He urged all Cambodian parties to attend the meeting with France and Indonesia, the co-presidents of the Paris International Conference on Cambodia.

Members of the SNC are to meet in Paris tomorrow to settle differences over the leadership and composition of the body, which was formed in September but remains inactive owing to leadership disputes.

The Foreign Minister told senior officials at a meeting yesterday that Thailand fully supports the UN peace plan for Cambodia, which was accepted by all countries concerned and interested in the issue.

He also told the Political Affairs Department to review policy on Burma, taking into account the possibility of encouraging Burma towards democratisation and improvement of human rights.

Dr Athit insisted this would not constitute Thai interference in Burma's domestic politics. The Political Affairs Department was assigned to consider the process of implementing this policy.

At the meeting, Dr Athit was also briefed on the latest situation in the Middle East and had expressed his concern over the well-being of Thai workers in Iraq in the face of imminent war early next year. The minister told officials to follow up the situation very closely and report to him on progress with the evacuation plan.

Dr Athit today will meet officials of the Economics Department for consultation on the possibility of implementing a multilateral barter trade system.

Army Radio Discusses Peace in Cambodia

*BK1912100190 Bangkok First Army Division Radio
in Thai 2300 GMT 18 Dec 90*

[Sayamanusati Feature]

[Excerpt] [passage omitted] Listeners, to end the war or reach a cease-fire agreement in Cambodia, the four Cambodian factions must really want it. A cease-fire accord will be difficult to reach if it is just the wish of outsiders for the various factions to stop fighting to create peace in this region or to turn the battlefield into a marketplace. The secretary general of the National Security Council earlier predicted that even if an accord can be reached, violations of the accord are likely to occur and fighting will resume. This prediction is right.

Why do the Cambodian factions not want to agree on a reconciliation? The answer is that the leader of each Cambodian faction wants to dominate Cambodia himself. In particular, the Heng Samrin faction wants to subjugate the other factions to its administrative system.

Listeners can perhaps remember the past when Vietnam was divided into North and South Vietnam. Then the Communist Party in north Vietnam devoted all its resources to taking control of south Vietnam. It had no intention of sharing administrative power equally with anyone else. It wanted to control all of South Vietnam. There was only one strategy to accomplish this goal, that was to take over by force. Only an armed occupation can take over all the Vietnamese territory. North Vietnam took a long time to accomplish this goal by practicing the protracted warfare theory. Heng Samrin is the product of Vietnam and the same theory is still practiced today.

The Khmer Rouge is the strongest faction in the Coalition Government of Democratic Cambodia. In fact, it is stronger than the Heng Samrin force. If fighting is to take place strictly between the Heng Samrin and the Khmer Rouge forces without Vietnamese intervention and support, the Heng Samrin side will certainly be defeated. For this reason, the Khmer Rouge has a very strong bargaining power. The Vietnam-Heng Samrin side is well aware of this fact and thus has to resort to the propaganda line used some 12 years ago by telling the world that because of the Khmer Rouge's genocide, it cannot be allowed to return to power. Although it has stopped such atrocities, the Khmer Rouge's sin committed 12 years ago cannot be absolved.

Listeners, for the reasons given above, the Khmer Rouge and the Heng Samrin factions will continue to fight a protracted war because they are both communist but have different lineage—Moscow and Beijing lines. That means peace will not yet materialize in Cambodia. No one knows when peace will come to that country; we will have to follow developments.

Japanese Investors Lack Confidence in Banhan

*BK1912150990 Bangkok MATICHON in Thai
17 Dec 90 p 4*

[Excerpt] According to a source from Japanese business circles in Thailand, Japanese businessmen and investors in Thailand met on 13 December to assess the political situation in Thailand. Most of them maintained that they should slow down investment at this time because they believe that the new government will not last after March or April.

The source said that during the meeting, most of the participants voiced the belief that the Thai Government would appoint Kon Thappharangsi or Chawalit Thanachanan as finance minister to help solve the country's economic problems because the Thai economy in 1991 will not be the same as the previous two years, which registered a high growth rate. Since the Gulf situation and crude oil prices will remain uncertain next year, the government should be prepared to cope with the situation, especially having financial austerity measures and avoiding extravagant spending as in the past.

The source said that the meeting also had discussed the possibility of Banhan Sinlapa-acha being appointed finance minister. However, nobody had thought that he would be appointed to the post because in the eyes of foreigners, since Thailand is a developing country, whoever becomes finance minister should have studied economics and be acceptable to the academicians. The post of finance minister is an important post that has been closely followed by foreign countries.

"Banhan has been involved in several scandals. Like Industry Minister Pramuan Saphawasu, a former finance minister, Banhan's background is dredged up by the foreigners," the source said.

The source said that although the new government had appointed Chawalit Thanachanan as deputy finance minister, the Japanese businessmen believe that the appointment will not be helpful because Chawalit was only the second deputy minister and authority is still under Banhan in his capacity as finance minister. [passage omitted]

Interior Ministry Chooses Site for Dissident Camp

*BK2012022790 Bangkok BANGKOK POST in English
20 Dec 90 p 7*

[Text] The Interior Ministry has decided to choose a former Border Patrol Police [BPP] camp in Ratchaburi Province as a site to house dissident Burmese students taking refuge in Thailand.

A reliable ministry source said that the camp can immediately accommodate 500 Burmese students and be expanded later to provide sanctuary for up to 1,000 people.

The BPP camp is on a 200 rai plot of land in Pak Tho District and has barracks which can be immediately used.

The source said the ministry would announce shortly that Burmese students must report to the authorities and ask for the right to continue taking refuge in the country.

Senior Officials Accused in Tapioca Scandal

*BK2012013590 Bangkok BANGKOK POST in English
20 Dec 90 p 1*

[Text] The Counter-Corruption Commission [CCC] has accused 29 senior and mid-ranking civil servants of collaborating with 30 businessmen to assist some exporters to obtain tapioca export quotas by falsely stating the amount of their stocks.

The alleged malpractice was said by the CCC to have taken place about three years ago when Social Action Party secretary-general Montri Phongphanit was commerce minister.

Without naming the alleged wrong-doers, CCC spokesman Pricha Suwannathat said those involved in the scandal ranged from a C-10 official down to C-5 civil servants. He said 16 of the officials were attached to the Foreign Trade Department (FTD).

The C-10 official implicated worked as an FTD deputy director-general at the time the scandal took place, the spokesman said. The 13 other officials worked for the Agriculture Ministry and the Customs Department, he said.

The group had collaborated with 30 businessmen to assist some exporters to obtain tapioca export quotas to the European Community, causing a loss of 100 million baht in state funds, the CCC charged.

The investigation was based on a complaint to the CCC by permanent secretary for commerce Phatchara Itsarsena following an initial ministerial fact-finding probe.

Mr Pricha said the CCC had discovered during nearly two years of investigation that the group had collaborated to overstate tapioca holding stocks held by some exporters to help them qualify for export quotas. The 29 officials were accused of serious breaches of discipline and should be subject to both disciplinary and criminal action, Mr Pricha said.

Three private companies have also been cited by the CCC for possible criminal action for refusing to cooperate with the CCC in its investigation of the case. Mr Pricha declined to reveal the names of the companies.

The spokesman insisted that the CCC's announcement, made two years after its investigation was launched, was

not timed to discredit any political party. He said the agency had just made public the result of the probe because of the lengthy investigation procedure and a large volume of documents involved.

"This investigation has not been extended to include politicians in charge of the ministry at that time, because of lack of evidence," Mr Pricha said.

The CCC findings will be forwarded to relevant government agencies for further action, he said.

Mr Phatchara said he had asked the CCC to take over the investigation from the ministry's fact-finding committee because the ministerial panel had been unable to continue with the job. The committee had faced influence within the ministry and lacked legal authority to inspect the assets of officials suspected of being involved in the scandal.

Asked to comment on whether the officials alleged by the CCC to have committed wrongdoing had been made scapegoats for politicians, Mr Phatchara said they should not be considered scapegoats. Civil servants were protected by law and did not need to follow illegal orders by politicians.

"These officials must prepare to face the consequences because they agreed to accommodate politicians' wishes," Mr Phatchara said.

Vietnam

Spokesman on Spratlys, Cambodia, Gulf Crisis

*BK2012104090 Hanoi International Service
in English 1000 GMT 20 Dec 90*

[Text] A spokesman for the Vietnamese Foreign Ministry reaffirmed Vietnam's sovereignty over the Paracel and Spratly [Hoang Sa and Truong Sa] archipelagoes and maintained that Vietnam is ready to negotiate peacefully with countries concerned to settle this dispute. Speaking at the regular press conference in Hanoi on Thursday, the spokesman noted:

The process of settling politically the Cambodian issue has been accelerated. This is demonstrated by the fact members of the Supreme National Council of Cambodia and the two cochairmen of the Paris International Conference on Cambodia will meet in Paris in the coming days.

Nevertheless, the spokesman added: There has been public concern over the process of negotiation and the draft agreement on Cambodia put forth by the five permanent members of the UN Security Council, and Indonesia and the cochairmen of the Paris International Conference on Cambodia on 26 November failed to abide by the principle which maintains that the internal affairs of the Cambodian people must be solved by the Cambodian people themselves. This agreement violates

the UN Charter on the sovereignty of its member countries and does not deal with the complete elimination of the genocidal regime, one of the two key issues of the Cambodian issue.

On the visit to Laos by Chinese Premier Li Peng, the spokesman said:

This event marked a new development in relations between Laos and China. Vietnam wishes that China's cooperation with all regional countries will bring about stability in the region so that all Southeast countries and China have favorable conditions to develop their economies.

On this occasion, the spokesman also expressed the wishes that the Gulf crisis will be settled politically within the Arab framework and all sides should take use of all possibilities to solve peacefully, avert the war danger in response to aspirations of the world people.

So far, the spokesman added: Vietnam is joining the Iraqi Government in arranging the repatriation of Vietnamese workers from Iraq and asks the Iraqi side to ensure the safety for those Vietnamese workers still in Iraq.

Further Reportage on National Assembly Session

Communique No. 9 Issued

*BK1912151890 Hanoi Domestic Service in Vietnamese
1430 GMT 19 Dec 90*

[Communique No. 9 of the Eighth National Assembly's eighth session]

[Text] On 19 December 1990, the National Assembly held a plenary meeting in the conference hall. In the morning, its vice chairman Phung Van Tuu presided over the meeting. The National Assembly heard Comrade Doan Khue, deputy defense minister on behalf of the Council of Ministers and the National Assembly's judiciary committee, report on the views accepted concerning the two bills that amend and supplement the law on military obligations and the law on the Vietnamese People's Army officers, after the National Assembly deputies had discussed them in groups and given their views. Then, 31 deputies expressed their opinions on these two bills and the National Assembly voted some issues concerning the length of service of non-commissioned officers [NCOs] and enlisted men [EM], the deferment of draft in peace time, the benefits of NCOs and EM and their dependents, the addition of senior colonel rank, the wages system and service seniority pay of officers, and the time limits for consideration of rank promotion.

These two bills will be compiled and submitted for passage at the closing meeting of the National Assembly.

In the afternoon, National Assembly Chairman Le Quang Dao presided over the meeting. The National

Assembly heard the following members of the Council of Ministers answer the deputies' questions:

1. Comrade Nguyen Co Thach, vice chairman of the Council of Ministers and foreign minister,
2. Comrade Cao Si Kiem, state bank governor,
3. Comrade Phan Van Khai, head of the State Planning Commission and,
4. Comrade Hoang Quy, finance minister.

On the morning of 20 December, the National Assembly will continue its work in the conference hall.

Proceedings Continue 19 Dec

BK1912135590 Hanoi Domestic Service in Vietnamese 1100 GMT 19 Dec 90

[Report by station correspondent Ngoc Ky on Eighth National Assembly plenary meeting of 19 December]

[Summary] On the morning of 19 December, the Eighth National Assembly held a plenary meeting in the Ba Dinh Conference Hall under the direction of its vice chairman, Phung Van Tuu, to discuss two bills: "The bills amending and supplementing some articles of the law on military obligations and the law on officers of the Vietnamese People's Army" (VPA).

In this morning meeting, after listening to Deputy Defense Minister Doan Khue report on the results of group discussion by deputies on these two bills, the deputies continued to give their views on the bills.

Concerning the law on military obligations, debate was focused on Article 14 on the time of service of non-commissioned officers and enlisted men and Article 29 stipulating who is exempt or deferred from military draft. Some deputies proposed to reduce the length of service of NCO's and EM in peacetime from three to two years while others suggested only 12 or 18 months to ensure fairness to all citizens and build a large reserve force. The deputies then voted to agree to two years as stipulated in the bill.

As for Article 29, some deputies proposed to extend exemption and deferment to more people to show party and state concern for meritorious families and to alleviate difficulties for those households having members currently in Army service. Finally, deputies voted to agree to what is stipulated in the bill.

"On the bill amending and supplementing some articles of the law on VPA officers, nearly all deputies unanimously agreed with the bill."

In the afternoon, the deputies continued their work in the conference hall under the direction of Chairman Le Quang Dao. The National Assembly heard various ministers' answers to questions raised by deputies. "Foreign minister Nguyen Co Thach answered some questions about the foreign affairs in the recent past. Vietnam

State Bank Governor Cao Si Kiem answered deputies' questions about the issues of credits, capital and bank interest rates, and the action taken to deal with negativism in the banking sector. Comrade Phan Minh Khai, head of the State Planning Commission, answered questions about grain and fertilizer needed for cultivation. Finance Minister Hoang Qui answered questions on budget and disciplinary action against some cadres in the sector."

The National Assembly will continue its plenary meeting tomorrow at the Ba Dinh Conference Hall.

Prime Minister Discusses Relations With Thailand

BK2012011190 Bangkok THE NATION in English 20 Dec 90 pp A1, A2

[Report on interview with SRV Prime Minister Do Muoi by "a team of senior editors from THE NATION led by Editor-in-Chief Suthichai Yun" in Hanoi on 17 December—"first of exclusive series": "Vietnam at Crossroads"]

[Text] Vietnamese Prime Minister Do Muoi has declared a new open-door policy to tear down all political and economic barriers to reach out to Thailand and other countries in a desperate attempt to pluck his badly-shattered country from its present economic difficulties.

Do Muoi, who is expected to visit Thailand early next year for a summit with Prime Minister Chatchai Chunchawan, said Vietnam looks particularly to Thailand as a bridge to greater economic cooperation with other countries in the region.

Describing Thailand as a "close and friendly country," Do Muoi told THE NATION in an exclusive interview on Monday that Vietnam wants to learn about economic management from this country.

"Thailand has had a lot of experience in dealing with foreign countries, especially countries in the region. Thailand may help us in extending our cooperation with countries in the region, especially those in ASEAN," said the 73-year-old prime minister during a one-hour interview at the Presidential Palace.

The interview coincided with the opening of the Hanoi Bureau of THE NATION which became the first newspaper in Southeast Asia to have a correspondent stationed permanently in the Vietnamese capital.

Do Muoi said economic cooperation with Thailand and ASEAN will be one of the issues he plans to raise at his meeting with Chatchai, which was initially scheduled for last month before it was postponed. He said Thai and Vietnamese officials are working on a date for the summit which will be the first between the two countries since 1978.

While admitting that Vietnam remains a "poor and underdeveloped country" after 45 years of war, Do Muoi

declared the country is determined to go ahead with its economic reform implemented in 1986 that places emphasis on encouraging private enterprises and promoting foreign investment.

"With the people's determination to take the country out of poverty and backwardness, the correct policy of renovation (the Vietnamese term for reform) which has been implemented since 1986 and has brought initial but encouraging results, I am firmly confident that Vietnam will overcome the present difficulties and will develop quite quickly in the coming years," said Do Muoi who is also a member of the Politburo.

Vietnamese officials said the reform programme, which is aimed at bringing Vietnam closer to a market economy, is expected to be reaffirmed at the 7th Congress of the Vietnamese Communist Party scheduled for May next year. The congress is seen as a political watershed for Vietnam in its attempts to reintegrate itself into the world economy after more than 40 years of isolation.

Do Muoi stressed several times during the interview that Thailand has an important role to play in reviving the Vietnamese economy. "We have had experience in waging wars but not in economic management," he said. "There are many things we will be able to learn from Thailand... We would like to learn economic management know-how from Thailand, not only in domestic economy, but also in dealing with foreign countries."

Do Muoi's view on how Thailand can contribute to improving the Vietnamese economy was echoed by several other senior Vietnamese officials in separate talks with THE NATION. One of them described Thailand as a "priority" in Vietnam's external cooperation with countries in the region.

The official, who deals with Vietnam's external relations, said Vietnam is ready to cooperate with all countries irrespective of ideological or political differences. "This is a new world. Vietnam wants to make friends with all countries," he said.

Do Muoi said Vietnam attaches "great importance" to cooperation with neighbouring countries. "I have always held that Thailand's capital and technologies may be effectively used in Vietnam. Our two countries are geographically close and are both developing countries. Hence, we may exchange experiences and help each other go forward together," he said.

On his upcoming visit to Thailand, Do Muoi said it has always been his "desire" to promote friendly relations with Thailand "in the interest of the two peoples, of peace and stability in the region."

He said Thailand and Vietnam, whose relations soured following the Vietnamese invasion of Cambodia in 1979, share "many similarities in natural conditions, customs and the cultural life."

"I believe that my meeting with the Thai prime minister will mark a new development in the two countries' relations and positively contribute to the improvement of the regional situation," he said.

A senior Vietnamese official who deals closely with Thai-Vietnamese relations said Do Muoi wants to propose reactivating the friendship and cooperation treaty signed between the then Prime Minister Kriangsak Chomanan and former Vietnamese Prime Minister Pham Van Dong in 1978. The agreement was suspended after the Vietnamese invasion of Cambodia a year later.

The official said during his trip to Thailand, Do Muoi expects to sign agreements aimed at promoting Thailand investment in Vietnam. "One will be on investment guarantee and another on avoidance of double taxation," he said.

The agreements are apparently aimed at offering confidence to Thai businessmen who have been reluctant to commit to large-scale investments in Vietnam.

Asked about the possibility that Vietnam may join ASEAN in the future, Do Muoi said: "We need more friends now. We need to extend our cooperation with other countries in the region."

The prime minister said it has been Vietnam's "thought" to join ASEAN. He said Vietnam plans to hold discussions with individual ASEAN member countries before deciding whether to submit a request to join the regional grouping which led the international boycott of Vietnam over its invasion of Cambodia.

Do Muoi said it will be one of the issues he hopes to raise with the Thai leader when he visits Thailand.

Most ASEAN member countries have so far been reluctant to discuss Vietnam's participation in the organization because of its different political and economic systems. But Thailand and Indonesia have been known to be more receptive to the idea.

Dressed in the traditional blue Vietnamese suit and speaking through an interpreter, Do Muoi quoted the late President Ho Chi Minh several times to emphasize Vietnam's long history of political and economic struggles.

"President Ho Chi Minh used to say that in Vietnam nothing was more precious than independence and freedom. First of all, we will protect our independence and freedom at any price. Only when we have independence and freedom, will we have happiness. Once we have peace, freedom, independence, and happiness, we will mobilize all our strengths to rebuild our country," he said.

With a per capita income of slightly over US\$200, Vietnam is considered one of the poorest countries in the world. But Vietnamese officials and diplomats as well as outside economic experts agreed that the economic

reforms have brought about improvement in the Vietnamese economy which posted a growth rate of 4 percent last year.

Positive Aspects of SRV-Thai Relations Hailed

*BK2012042290 Hanoi International Service
in English 1000 GMT 19 Dec 90*

[Unattributed "article on recent developments in relations between Vietnam and Thailand"]

[Text] In recent months, many senior Thai leaders affirmed time and again the Thai Government's willingness to strengthen relations with Vietnam. Reality has proved that the Vietnam-Thailand relations have been consolidated and developed. In today's program our radio brings you an article on the relations between Vietnam and Thailand.

Recently, Thai Deputy Foreign Minister Amnuai Yotsuk said that Thailand agreed to broaden economic ties with Vietnam by setting up a Vietnam-Thailand Coordinated Committee. By the end of October, Acting General Director of Thai Economic Department (Det Suraruchui) presented to Vietnam two draft agreements; one concerns the establishment of a coordinated economic committee for the exploitation of natural energy and oil and gas; and the other about the strengthening and guaranteeing of investment between Vietnam and Thailand. In addition to this about 100 Thai economic companies have visited Vietnam this year, some of which have done business with Vietnam. Some other companies are now studying the feasibility for bilateral cooperation.

These are positive signs of the development and cooperation between Vietnam and Thailand. As we all know that two years ago, Thai-Vietnamese relations had been tense. With the development of the world trend for dialogue and cooperation instead of confrontation, Thailand has quickly changed its policy towards Vietnam. It is clear that at present the two countries have entered a new stage of cooperation in the interests of the two people. Vietnam and Thailand have been developing relations not only in the economic but in many other fields. This year witnessed many Vietnam visits by Thai senior leaders including the acting general chief of staff of the Thai Armed Forces, minister of commerce, minister of the Thai Prime Minister Office.

On the Vietnamese side, Chairman of the National Assembly Le Quang Dao, General Doan Khoe, and Vice Chairman of the Council of Ministers Nguyen Khanh have visited Thailand. For the first time, the Thai Government invited Minister of Interior Mai Chi Tho to visit Thailand. It is worthy of note that during the working visit to Bangkok recently by Vietnamese Foreign Minister Nguyen Co Thach the Thai Government invited Chairman of the Council of Ministers Do Muoi to pay an official visit to Thailand. This is also the first time such invitation was extended to the Vietnamese chairman of the Council of Ministers.

Nevertheless, some problems still need to be solved between Vietnam and Thailand. Recent developments on bilateral relations were only initial step of the long-term growth of bilateral ties. The two countries must show more effort and maintain cooperation and dialogue so that the Vietnam-Thailand relations continue to further develop. It is a good thing that the new Thai cabinet has voiced its determination to maintain and consolidate relations with Vietnam. Speaking in Bangkok on 17 December after his swearing-in ceremony, Thai Foreign Minister Athit Urairat declared that Thailand will continue to promote relations with its neighboring countries including Laos, Cambodia, Vietnam, and Myanmar—formerly known as Burma.

These developments will certainly facilitate development in the relations between Vietnam and Thailand in the interests of the two peoples and contribute to turning Southeast Asia into a zone of peace, friendship, and cooperation.

Daily Greets French Communist Party Anniversary

*BK2012091090 Hanoi VNA in English 0740 GMT
20 Dec 90*

[Text] Hanoi VNA Dec.20—"The Communists and entire people of Vietnam greatly rejoice at and are proud of the glorious achievements recorded by the French Communist Party and the militant solidarity between the parties and peoples of the two countries," says the national daily NHAN DAN in a commentary today.

Greeting the French Communist Party's 70th birthday and its on-going 27th congress, the paper says: "Over the past 70 years, the French Communist Party has tirelessly fought for the interests of the French working class and labouring people and made valuable contributions to the world people's common struggle for peace, national independence, democracy and social progress."

The paper goes on to say that in the present international context characterized by major and complicated changes, and facing the vicious attack by the anticommunist crusade, the 27th National Congress of the French Communist Party has proudly reaffirmed its chosen path as well as its communist and revolutionary nature. In spite of the fact that modern capitalism has obtained a number of economic, scientific and technological achievements, basically capitalism cannot positively meet the highest requirement of our time, i.e. first priority must be given to the human being.

In conclusion, the paper says:

"The French Communist Party, together with all other peace-loving and progressive forces in France have given their warm and valuable support to the Vietnamese people during the latter's national defence and construction over the past several decades, the Vietnamese Communist Party and people always treasure and will continue to cultivate that traditional solidarity and friendship."

Official Urges ASEAN, Japanese Investment

*OW2012111790 Tokyo KYODO in English 1059 GMT
20 Dec 90*

[Text] Hanoi, Dec. 20 KYODO—The Vietnamese economy, already hit by high unemployment, is suffering from an influx of laborers forced to return home from the Soviet Union and Eastern Europe.

The democratic upheaval in Eastern Europe over the past year has unearthed a number of economic problems that will no longer allow the presence of Vietnamese laborers sent there to ease the Southeast Asian nation's own economic difficulties.

Instead, those difficulties are certain to be aggravated by the return of the 50,000 migrant workers scheduled to be back by the end of 1991 to look for jobs in a country that already has an estimated 1.8 million unemployed.

Many Vietnamese will be returning from the newly united Germany, which provided work for some 45,000 Vietnamese in its communist eastern half before October 3.

Since August, some 30,000 Vietnamese have already been repatriated, with the remaining 15,000 expected by the middle of next year.

Vietnam has provided more than 277,000 laborers to communist bloc nations claiming labor shortages since around 1980 under labor cooperation agreements.

With the reforms that swept the communist bloc last year, many workers, foreign and domestic, found themselves without jobs. This led to increasing hard feelings and problems between the visiting laborers and their out-of-work hosts.

Under pressure from the East European governments, Vietnam was pressured into recalling its workers from Europe.

Estimates place 70,000 Vietnamese workers in the Soviet Union, another 25,000 in Czechoslovakia, 19,000 in Bulgaria, and 7,000 in Iraq.

Vietnam plans to bring home all its workers from Iraq next year and from Bulgaria by 1992. The Soviet and Czech Governments have urged all Vietnamese workers to go home by 1996.

One Hanoi official suggested that the Association of Southeast Asian Nations (ASEAN) and Japan could help by investing in Vietnam and revitalizing the Vietnamese economy. This would absorb the nation's unemployed, the official said.

Investment Forum Slated for Ho Chi Minh City

*BK1912081890 Hanoi VNA in English 0703 GMT
19 Dec 90*

[Text] Hanoi VNA Dec. 19—Cabinet Minister Vo Dong Giang, deputy head of the State Commission for Cooperation and Investment (SCCI), has told VIETNAM

NEWS AGENCY that a forum on foreign investment will be held in Ho Chi Minh City in March, 1991.

He said that this forum will be the culmination of the program of promoting foreign investment in Vietnam signed by the SCCI with the United Nations Industrial Development Organization (UNIDO) and the United Nations Development Program (UNDP).

It will be a rendezvous of foreign investors to explore conditions and possibilities to invest in Vietnam, especially to exchange views with Vietnamese partners on prospective projects.

He said that this forum will also be an opportunity for Vietnamese investors to broaden their contacts with foreign investors to introduce themselves, to explain the government's policy, mechanism and laws in the current process of renovation in Vietnam, as well as its broad diversified and durable cooperative relations with other countries on the basis of equality and mutual benefit. He affirmed that this forum will be a landmark of Vietnam's shift from passivity to initiative in drawing foreign investment.

In the last ten months, the SCCI carried out various campaigns in the world in preparation for the organization of a forum on foreign investment in Vietnam, said Minister Giang. One hundred and eighty projects for foreign investment have been introduced at 13 major cities and industrial centres in Australia, Japan, Hong Kong, France, Italy, Germany and Sweden. At the same time, UNIDO has helped to send the documents of these projects to be introduced in other countries. He said that in the eyes of foreign businessmen he met during his campaigning trips "Vietnam is a promising market and a profitable target".

By the end of November, he said, more than 210 projects had been licensed with a total capital of more than U.S. dollar 1.4 billion.

He predicted that following this forum many more contracts of foreign-invested projects will be signed which will better meet the needs of national development of Vietnam as well as the interests of the foreign investors with better feasibilities and effects. About 500 foreign participants are expected in this forum, and up to now, more than 300 from various countries have registered.

Import-Export Sector Works To Fulfill 1990 Plan

*BK1212064390 Hanoi Domestic Service in Vietnamese
1100 GMT 11 Dec 90*

[Text] By the end of November, the entire country had fulfilled more than 91 percent of the export value targets for 1990—an increase of 29 percent—and more than 97 percent of the annual import targets. The Ministry of Trade alone had exceeded its export value targets by 22 percent.

This year, the world situation, especially the Soviet Union and Eastern Europe, underwent a great deal of upheavals, seriously affecting our country's import-export plans. Our

import-export units made great efforts to cope with the situation. On the one hand, they actively held talks with customers to resolve difficulties; on the other hand, they strongly promote the exploitation of markets in Zone Two, the nonsocialist countries. With regard to Zone One, the socialist countries, aside from implementing the import-export plans according to the protocols signed with various countries, many units and localities directly exported goods to or imported them from the various republics of the Soviet Union according to the barter formula. Meanwhile, the structure of exports was readjusted in a timely and flexible fashion. The general corporations for rattan

and bamboo products and sundry goods import-export of the Ministry of Trade, as well as the General Corporation for Industrial Food Products, Vegetables, Fruit, Cattle and Poultry Import-Export of the Ministry of Agriculture and Food Industry dynamically resolved difficulties to firmly maintain their traditional markets while opening up new ones.

The import-export sector throughout the country is speeding up the pace of goods delivery, striving to overfulfill the 1990 import-export plan.